

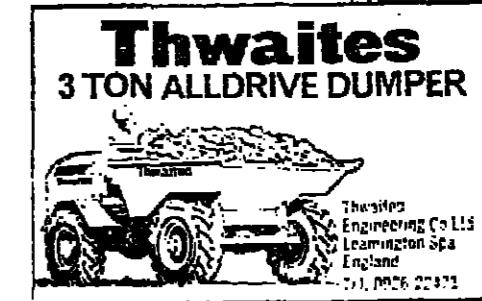


FINANCIAL TIMES

No. 27,192

Wednesday February 9 1977

**12p



NEWS SUMMARY

BUSINESS

S Cough vaccine warning given

GILTS rallied on hopes for lower interest rates. Long-dated stocks closed with gains of 1% while other issues advanced up to 1%. The FT Government Securities Index rose 0.08 to 30.87.

EQUITIES made a less confident showing, with sentiment undermined by concern about inflation. The FT 30-Share

Index closed a little above its worst at 292.2, off 5.3% for a four-day loss of 12.9.

STERLING gained 15 points to \$1.7160. Its trade-weighted depreciation was unchanged at 42.8 per cent; dollar's was unchanged at 0.88 per cent.

GOLD closed slightly higher at \$124.75 (\$134.375).

WALL STREET fell 4.07 to 942.24.

U.S. TREASURY Bill rates at this week's auction: three 8.5%; 12.20%; sixes 11.5%; 15.08%.

U.K. MONEY SUPPLY has continued to fall, judging by latest banking figures. Back Page

JAPANESE offer shipyard pact

JAPAN proposes to raise its shipbuilding prices and curb its competition with countries whose shipyards are in serious trouble. The Japanese offered these concessions at an OECD committee meeting in Paris to try to meet complaints by West European yards. Back Page

TOKYO reacted angrily to the 20 per cent anti-dumping duty placed on Japanese ball bearing exports to EEC countries. Page 6

DELEGATION from Japan has been assured that British Nuclear Fuels could still undertake its £500m. nuclear reprocessing deal, which has appeared in doubt because of the decision to call a public inquiry into plans for a reprocessing plant. Page 8

U.K. CAR OUTPUT rose by only 3 per cent last year, with improvements at Ford, Leyland and Vauxhall offset by a drop in production at Chrysler. Page 7.

J. C. BANFORD has withdrawn from discussions on forming a consortium to aid Poclain, the French excavator company. Page 22

STOCK EXCHANGE Council decided to go ahead with the final £5m. stage of its £12.2m. Talisman scheme to computerise much of the routine work in settling share deals. Back Page

IMPERIAL GROUP made record pre-tax profit of £12.57m. (£10.65m.) on sales of £2.87bn. (£2.35bn.) in the year to October 31. Page 19 and Lex

DE LA RUE doubled pre-tax profit to £6.55m. (£3.11m.) in third quarter. Page 19 and Lex

DECCA maintained first-half responsibility for an pre-tax profit at £5.5m., but says the full year's results may be lower than last year's £13.6m. Page 19 and Lex

FALLS in pence unless otherwise indicated)

RISERS

asury 3pc 1978...1900rd + 14

asury 1rc 1982...157 + 14

neil Hillamsh...91 + 4

la Rue...250 + 20

(M...)...116 + 4

chen (Rbt) Taylor...19 + 10

In and Overton...82 + 8

low, Francis...65 + 5

eken Mines...70 + 8

Saiplains...80 + 7

ann...190 + 20

s Steyn...505 + 30

stern Holdings...112 + 4

FALLS

ed. Polymer...291 - 5

ed. Dairies...340 - 10

ed. P. Cement...173 - 3

cham...406 - 6

Concern over rising export prices

Optimistic survey by CBI forecasts investment revival

BY ADRIAN HAMILTON

British exporters are beginning to express concern about the relative price of their goods in foreign markets, according to the latest Confederation of British Industry quarterly survey of industrial trends.

The concern is expressed in a pressure on companies. While the Government has so far resisted a policy of resisting the upward pressure of sterling on the exchange markets, it is seeking to restrain the growth in orders and output in industry is continuing.

But undercapacity working remains widespread and, ironically, in view of the recruitment and pay worries in individual sectors, it gives little room for hope on the employment front.

Indeed, with the labour force expanding with school-leavers and more women, it still foresees a rise in unemployment over the year.

Its survey suggests both that business confidence is reviving again after the sharp fall in investment, and that the growth in orders and output in industry is continuing.

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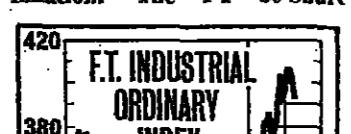
Its main message of cheer for the Government is that industry's investment intentions show signs of a considerable rise in capital expenditure over the next 18 months and that this could encourage the Government to achieve its ambitions target of 10 per cent growth in manufacturing investment between the second halves of 1976 and 1977.

The survey also suggests, in spite of some worries about the slackening of growth in orders over the immediate future, that the country may be experiencing a more sustained export-led growth—albeit a much

Continued on Back Page

Reports from the CBI regions

Details of survey Page 11
Editorial comment Page 16



Pay restraint extension comes under union fire

BY ROY ROGERS, LABOUR CORRESPONDENT

IN MOVES clearly designed to influence forthcoming pay policy negotiations between the TUC and the Government, leaders of Nottinghamshire miners, 160,000 busmen and 50,000 Ford motor workers yesterday underlined their opposition to any further period of rigid wage restraint.

Delegates representing the 34,000 traditionally moderate miners voted to urge the National Union of Mineworkers' annual conference in June to seek £135 a week for coal face workers—£35 a week more than the present target and double the existing 167 faceworkers' rate.

At the same time, it was learned that business leaders have drawn up a motion for the Transport and General Workers' Union's June conference opposing any extension of the social contract and demanding a return to free collective bargaining.

Ford union conveners, meanwhile, announced yesterday that they were convinced that there was no support for the continuation of pay restraint now that the social contract had "dismally failed".

They have called a meeting of

several hundred shop stewards from all Ford's U.K. plants who will be asked to support a claim for pay increases of up to 40 per cent to give parity with Ford's European workers, and a five-hour cut in the working week.

A similar demand was lodged

for the Ford pay claim last

October and by drawing up the

claim early, although not for implementation before next October, the conveners openly admit they are seeking to influence TUC-Government wage policy talks.

British Leyland shop stewards

have already made similar threats although they have backed them with a warning of possible industrial action if there is a period of further rigid pay controls.

A further call for free bar-

Editorial comment Page 16

Firms seek Morpeth changes

BY MICHAEL LAFFERTY, CITY STAFF

A NUMBER of the largest accounting firms want extensive modifications to be made to the new system which is currently being used.

Mr Hugh Patterson, Whinney Murray's senior partner, describes ED 18 as a document which "tries to do too much too quickly." The proposals contain "many anomalies, inconsistencies and impracticalities" having been "inadequately researched." He thinks that the Morpeth group should have concentrated on the few major areas in which existing accounts are most misleading, by adjusting for the cost of sales, depreciation and working capital.

The leading critics in the accountancy profession include such influential names as Deloitte, Price Waterhouse, Whinney Murray, and Coopers and Lybrand. But several other firms as well, including Peat Marwick Mitchell and Arthur Young McClelland Moores, want significant changes in the Morpeth proposals.

The principal bone of contention is the sheer complexity of the Morpeth approach which sets out, in a document known as ED 18, to present a comprehensive reform of the present accounting methods. But the accounting firms, who earn most of their fees from auditing, are later issue.

The new system should concentrate on current cost profits and losses should be adequate for all asset valuations.

Sir Ronald Leach, Peat Marwick's senior partner, also says ED 18 is "not well interpreted." To say that the corporation account is not auditable is to say it is not worth having, he said.

Last night Mr. Morpeth said that although the steering group welcomed constructive criticism, he personally was "not yet persuaded by any of the arguments for simplification."

I can't see how we could relate current cost profits to an historic cost balance sheet, and I cannot imagine that we could go back to saying that an historic cost balance sheet gives a true and fair view."

However, he promised that the steering group would try to "improve" the proposals as much as possible before a standard is issued.

The Accountancy Column

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Digitalis and the watch industry

Enlargement of the EEC

A change of strategy at Matro

India scene: Urban policies

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Entertainment Guide

Executive's World

Farmers and Raw Materials

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Exchanges

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Holiday

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Leadership

Letters

Lombard

London Park Inds.

Market

Men and Matters

Overseas News

Parliament

Press

Salvation Army

Shares Information

Stock Exch. Report

Stock Exchange

Today's Events

TV and Radio

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Wines Supplies

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Capitalism and the Soviets

BY SAMUEL BRITTON

THE GREATEST intellectual West taken as a whole to any blow to Marxism was the known Communist system (the apparent post-war success of far greater productivity of the Keynesian economy in reviving small holdings in the capitalism). For nearly 30 years the large and high employment levels were mechanised collective form combined in the West with a moderate and reasonably steady rate of inflation, rising living standards and improving social services. Reformist socialists such as Tony Crosland tried to draw the teeth from what they regarded as a sterner doctrine by proclaiming that the post-war system was no longer capitalist. In something like the claim was rejected both by Marxists of all shades and by unregenerate "classical economists" hailing from the old Australian school and the new Chicago school.

Both Marxist and "classical" critics argued that the hybrid system was unsustainable. Those who professed old-style capitalism shamed the new system sapped the vital juices that promoted prosperity and currency stability; while Communist critics maintained that the post-war system was still capitalism with its contradictions unresolved.

The view that one could spend one's way to target levels of employment was rejected. One side spoke of the "reserve army of the unemployed"; the other of the "natural rate of unemployment".

Vindicated

Unfortunately the critics appear to have been largely vindicated by events. The Keynesian synthesis has disintegrated amidst rising levels of both inflation and unemployment, as well as a check to real growth. Those establishment personalities who still argue for it can do so by supplementing post-war demand management (which in itself was quite compatible with market economics), with a whole garbage bag of measures such as direct interference with pay, prices and profits, bureaucratic attempts to outwit the market with taxpayers' money, and the erection of special privileges for the trade union movement previously unknown to the law. The point may yet come where Hungary or Poland may give a better approximation to a sensibly managed market economy than Britain or Italy.

Naturally this renewed crisis of capitalism has been seized on by Soviet ideologists with unconcealed delight. Their pronouncements are documented in a work by Russell Lewis for the Institute for the Study of Conflict, entitled "The Survival of the Capitalist System". Institute for the Study of Conflict, 17, Northumberland Avenue, London WC2N 5EB.

* Russell Lewis: *The Survival of the Capitalist System*, Institute for the Study of Conflict, 17, Northumberland Avenue, London WC2N 5EB.

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New York ballet

Merce Cunningham

by DAVID VAUGHAN

Among the biggest successes down the side of each leg, a woman dances languorously in a loose chiffon blouse and matching leggings, then exits, leaving behind a scarf. Cunningham, faun-like, curls up on the floor with it. His choreography matches the sonic and decorative elements in wit and beauty: fragments of social dances, Balanchinean tangles, a high-stepping cake-walk strut, steps of elevation that are astonishing in their novelty and brilliance.

This programme also included a revival of an earlier Cunningham-Rauschenberg collaboration, the familiar *Subspace*, as well as Cunningham's recent Solo, in which he once again demonstrates his extraordinary affinity with the animal kingdom and *Rebus*, a complex work in which he redefines his relationship with the young dancers who now make up his company.

Since then, he has created a number of new works that have been seen by New York audiences only as part of his "Events" presented in his spacious hall in the West Village or, last winter, at the Broadway Roundabout Theatre. The idea of dancing on Broadway is in itself of no interest to Cunningham, but he wanted to show these pieces as they have been seen out of town, as well as in Australia and Japan, with their own decors and scores.

The opening night programme included the premiere of a new dance, *Tympano*, which reunited Cunningham with his most famous collaborators, John Cage, who continues to be the company's musical adviser, and Robert Rauschenberg, who ceased to be the resident designer at the end of the world tour in 1964. In the dramatic tension is created entirely by the movement and style, the component parts

not assembled until the last moment; the result is one of the most ravishing spectacles to be seen in a New York theatre for years.



Leonard Bur

Yuri Masurok, Nikolai Gedda, Norma Burrows and Liliana Molnar-Talajic in the Royal Opera's 'Un Ballo in Maschera' which opened last night at Covent Garden

Television

Tea-time toughs

by CHRIS DUNKLEY

Contrary to a common misconception among fathers who only see children's television while on the way to or from digging the garden on Saturday morning or on a week-day afternoon while recovering from a rare bout of 'flu, children's programmes do not consist of one-third mindless pop music, one-third incomprehensible American cartoons, and one-third murderous violence. It is true that there is far too much of all three of these ingredients. We (in our early 30s) were lucky as teenagers: thanks to The Beatles, The Rolling Stones and The Who, English pop music was tuneful, exciting, inventive, rebellious, poetic, wicked and inspiring by turns and occasionally all at once. In addition it set the pace and the pattern for the world.

Television enthusiastically pushed and rode the bandwagon. Now, 15 years on, there is a terrible dearth of good or exciting pop music to fill the space in the middle ground which television still provides for it.

Groups such as The Rubettes appear on shows such as *Multi-Coloured Soap Shop* to perform with pseudo American accents numbers such as "Baby I Know"

with a mind-numbing monotony that must deaden the musical palates of all the children who listen. Muddy booted, we glance

in pity and pray for a respite.

The American cartoons continue, as they have since the beginning of Mickey Mouse, with their sheer dynamism, engaging the children even though the vocabulary and pronunciation must mean practically nothing to most of them.

And the violence simply goes on and on. Five years ago the BBC's own study, "Violence On Television," disclosed that Dr. Wain was among the most violent programmes.

The episode studied in the book involved the time-travelling doctor and his assistants going to a distant planet where mineral resources

being exploited, and robots cap-

turing the doctor.

They capture him after a couple of murders, and after he has been trapped in a hopper while topsy is sucked in by the mechanical digger and poured down (in vivid close-up) on to his head until it engulfs him. He is obliged to stay that way for a while between episodes.

One would leave the violence aside, this series would have much in its favour: strong if repetitive stories, very good sets and costumes (even of the Christmas re-run of *Flash Gordon* did show up the source for many of them)

and, for the many fathers who watch, the long legged Louise Jameson, playing Dr. Who's assistant, Leela, draped in scanty animal skins and looking as

and science and current affairs of anything differing from Craven's.

Such devoted following puts

hectares have ranged from the derivation of the term "black balled" to the conversion of a vacuum cleaner into a hovercraft.

No stage is there a hint of adult condescension. Indeed, Hargreaves claims this is not a genuine concern, but this policeman's hat for driving a Cortina" and the in-jokes that London is going to be buried under volcanic ash like Pompeii.

Multi-Coloured Soap Shop has also found, in Noel Edmonds, a man who has proved that he can converse happily with children without any suggestion that he is talking down. With guests such as Antoinette Sibley on the show he has also been proving that he is quite capable of dealing with adults with the same relaxation and charm.

Yet if attitudes towards children have improved very greatly, there are still weaknesses in the content. The marginal space allowed to magic shows has been noted here before. As it happens there is at present more about than usual: one of Helen Cresswell's "Lizzie Driping stories" is being repeated on BBC1, *Jacknory* (also BBC1) has been repeating Dorothy Tutin's reading of "All The Giants Dead" which, however, has more adult than child appeal, and still on BBC1, Dorothea Brooking has produced a delightful adaptation of *The Phoenix And The Carpet* with all the idiosyncrasies of the original.

In addition HTV West, which produces a lot of the children's serials for the ITV network, are currently running *Children Of The Stones* which involves psychokinesis and telepathy if not conventional magic. Over-intrusive "music" of the wailing disembodied choir variety is spoiling this production so it will be quite terrifying if it were not overdone.

This is a pity, because the story about a village with a circle of seven stones has some truly sinister touches, such as the very advanced maths being done by pupils at the village school.

However, in spite of this recent coincidence of series involving magic, year-round viewing suggests that such material is still under-represented.

My own seven-year-old would tell you the other area of weakness: he is convinced that the only thing in the whole world funnier than a bucket of whitewash in somebody's face is two buckets of whitewash down their trousers. Goodies repeats afford some slapstick, but "without even

Right Charlie running any more

— Manchester had one last week — John Craven said so." And

woe betide anyone with a version

that cannot be considered a fairytale.

More whitewash please.

Similarly the best Walt Disney cartoon features make very few sudden concessions to youth.

The acid test is simple: good children's entertainment is that which can be enjoyed by children and adults together without embarrassment either side.

One of the best and most consistent examples is Southern Television's *Hop* in which Jack Hargreaves and his merry team of interviewer/presenter/experimenters fire off whole magazines full of information about nature

still under-represented.

Goodness knows what teachers do. Time was when a parent's standard feel-allaying answer to a question such as "Daddy shall we be having an earthquake in London?" could be "Oh we don't have earthquakes here, dear, they only happen abroad."

But try that nowadays and the response (incredulous at your ignorance) will be "We do have them here — Manchester had one last week — John Craven said so."

And woe betide anyone with a version

that cannot be considered a fairytale.

More whitewash please.

Hampstead

The Last Meeting of the Knights of the White Magnolia

by B. A. YOUNG

No one could deny that this comedy by Preston Jones is most remarkable features of the evening is the degree to which the speech has been acquired by a predominantly British company. No coach is named in the programme, so presumably the credit must go to Michael Rudman, the director. Whether the accent is totally correct or not I don't know; it is certainly totally convincing.

The Knights of the White Magnolia are a spin-off from the Ku Klux Klan. Founded in 1902 by a man who believed that it was unnecessary to dress up in a white bed-sheet to kick a coon, by 1982 (the date of the play) it has diminished to a single lodge in a little Texas town. It is therefore a matter of some importance when the Imperial Grand Wizard, L. D. Alexander, the manager of the supermarket, announces that the evening's proceedings will not be confined, as they generally are, to playing dominoes, but that a new member is to be initiated.

The initiation and its attendant complications occupy the whole of the evening. There are no surprises, no sudden changes of loyalty; there is no more than a scrupulously observed picture of eight slightly ignorant men presenting to an imagined audience, which comes away through their lack of character, until at the end of the meeting there is no member of the Knights of the White Magnolia either.

Mr. Jones's dialogue is written in broad Texan, and one of the

Festival Hall

Elgar by PAUL GRIFFITHS

It could not have happened when Elgar was revered for the most part as the composer of Empire, of pomp and circumstance. Then it would have been impossible for a Barenboim to have recorded most of the important orchestral works, or for example, string phrases were answered by the winds as if from elsewhere, and in the opening movement of the symphony there were slurs from the brass which seemed to be going in the opposite direction to that taken by the desperately heroic strings.

The dangers here were of imbalance and shaky ensemble, and sometimes they threatened. With the aid of consistently good playing from the London Philharmonic Orchestra, however, Sir Georg made Elgar's orchestration come alive.

The main fault with this presentation was that Elgar's larger formal construction was to a great extent ignored, so that the symphony was so fully characterised as to become almost a suite of character pieces. That something similar did not occur in the Violin Concerto was in large measure due to the presence of Kyung-Wha Chung, whose solo line was always rich in expressive detail yet always held in check by the cool hand of superb technique. Elgar can, as this performance showed, retain his grandeur when he has lost his grandiosity.

Albert Hall

Brian Ferry

by ANTONY THORNCROFT

Brian Ferry has style. Watch him perform at the Albert Hall in a shiny grey demob suit and you notice for the first time the musicians working with Ferry — attraction of shiny grey demob they are some of the best around.

sounds, from a limited vocal guitar and Ann Odell on keyboard, with the maximum of boards, and they also helped to grimaces and the minimum of lift the concert out of an occasion, you wonder at the appeal of When you add a strong brass singers with boringly good voices section, some colourful singing and extrovert personalities Brian from part of Kokomo, and the Ferry even manages to make suitably extravagant Ferry-like short black slicked back hair setting of the Albert Hall at its most packed and polished, you have a success.

Just as it's easy to accept Ferry's personal, perverse standards of presentation, so with "Love the Drug," "The In Crowd" (the Ferry theme tune) and "Hard Rain's Gonna Fall" it was on with the energy, "Smoke gets in your eyes," and all the other exhibitions of good bad taste by which the memento Ferry keeps an easy hold over aspiring youth.

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Marshall R. Cooper, Projector

Hutch without Starsky

David Soul—Hutch of the Starsky and Hutch TV series is to appear in a series of 12 UK concerts next month during an eight-day visit. He will also make a Top of the Pops appearance for BBC TV on March 17.

His itinerary includes performances at Glasgow, Manchester, Bristol, Birmingham and London. In the case of the four London shows the organisers are complying with a special GLC request that all ticket holders aged under 16 must be accompanied by an adult.

There was much from the new album, and much of this was different from old *Rose Music* (Ferry's first group). But Ferry so punches out the lyrics that the songs take on an exciting

edge.

Tom Baker as Dr. Who (BBC-1)

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EUROPEAN NEWS

Allon attacks EEC trade and aid policy for Israel

BRUSSELS, Feb. 8. MR. YIGAL ALLON the Israeli Foreign Minister, to-day publicly accused the EEC of running an excessively large trade surplus with his country and of giving it insufficient aid, particularly as compared to many Arab states.

Speaking at a ceremony in Brussels marking the signature of a \$125m loan protocol with the EEC, Mr. Allon departed from the tradition of diplomatic niceties usually observed at such occasions by complaining that the arrangement was "both very limited in extent and unsatisfactory in its terms."

He said Israel had hoped that the size of the loan to be made by the European Investment Bank would have born some "direct relationship" to its large trade deficit with the EEC. Hinting clearly at European complaints about Japanese trade tactics he said that the two-to-one imbalance in EEC-Israeli trade was larger than the community itself would tolerate in was attended by Foreign Affairs political character.

Its relations with third countries, Mr. Allon also expressed thinly veiled displeasure that the aid to Israel was less than that offered to many Arab countries under the EEC's Mediterranean policy. Egypt, for example, is due to receive a total of more than \$70m, almost half of it in the form of non-repayable grants.

Adding to Israeli disgruntlement is the fact that the EEC delayed the signature of the loan protocol — an addition to a broader commercial agreement signed in May, 1975 — until it had completed negotiations on co-operation agreements with a number of Arab states.

Moreover, the allocation of the funds for Israel was agreed upon only after other members of the Nine overcame initial resistance from France, which is keen to preserve good relations with the Arab world.

At today's ceremony, which

was attended by Foreign Affairs

U.K. pledge never again to employ torture

Spain seeks formula for tacit Communist legality

BY ROGER MATTHEWS

THE HIGHLY sensitive issue of the Communist Party's role in the Supreme Court of Military Justice, Lt.-Gen. Villaseca, has been raised in Northern Ireland, but gave a solemn pledge to the European Court of Human Rights that it would never do again.

In an effort to persuade the Irish Government to drop its proceedings against Britain, the British Attorney General, Mr. Silkin, told the court that British forces would never again use the so-called "five techniques" of interrogation, about which Ireland had complained.

These are: hooding a prisoner; harassing him with noise; putting him on a bread-and-water diet; depriving him of sleep; and making him lean against a wall for long periods, of balance with arms outstretched.

Their use, said Mr. Silkin, had been halted after an official inquiry in 1972, and compensation paid to those who had suffered.

The preliminary hearing in Strasbourg, which ends tomorrow, is designed to establish the scope of the court's jurisdiction regarding the Irish complaint.

Unless Ireland now decides to drop its case against Britain, the court will meet again — probably in April — to discuss specific accusations of ill-treatment.

The Irish Government, alleged before the European Human Rights Commission here in 1971, that British security forces had tortured nine men in various cases in Northern Ireland, following the introduction of internment without trial there in August, 1971.

Some of Ireland's claims that Britain had violated the Human Rights Convention were upheld by the Commission after a four-year investigation in which 119 witnesses were heard, among them senior security officers.

Mr. Silkin referred to a submission to the court by Irish Attorney General Declan Costello that Ireland sought a court order obliging Britain to undertake never again to have recourse to those techniques.

Instead, he attacked the failure to reach a common energy conservation programme and said it would soon present the Council of Ministers with a conservation proposal.

Brussels last week on the need to rely on wider public debate on safety and social problems in this field were conducted first.

MADRID, Feb. 8.

W. German firm on Brazilian N-deal

By Nicholas Colchester

A STIFFENING in Bonn's attitude towards the controversial West German nuclear deal, Brazil is discernible in the joint declaration of nuclear exports made at the end of last week's Franco-German summit. Both Governments tacitly acknowledged their equal interest in supplying the world with nuclear technology.

Bonn and Paris declared while they wished to prevent proliferation of nuclear weapons they knew that this might pose problems for countries with nuclear power for development. So did "extra" opinions about their respective interests in furnishing such industries needed for the use of nuclear energy."

The Carter Administration, the U.S. objects to the basic deal because it involves the export of a complete nuclear cycle to Brazil, and thus claimed, the ability to nuclear bombs. Top level

negotiations on this have been going on for weeks. They will come to the end of next week.

The third and final round of labour market talks at Philips, Holland's largest private employer, with more than 60,000 workers, failed early this morning after six-hour talks, and the unions' third morning went ahead with strikes at the company's Volt-Voort subsidiary where colour television components are made.

Selective strikes have started at five printing and publishing companies, handling publication of nine regional newspapers and over 100 periodicals. Industrial action is reported due to start at JCI in Rotterdam and at Schiphol national airport. Public transport in Rotterdam and Amsterdam has been completely paralysed by sympathy strikes.

Dutch strikes spread

BY MICHAEL VAN OS

AMSTERDAM, Feb. 8.

DUTCH strikes spread further panes, including a Unilever subsidiary, to-day decided to take the unions to court over their industrial actions, and the companies hope that the Utrecht District Judge will again order a 30-day cooling-off period as to the dairy industry dispute last week.

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Rome clash with unions avoided

BY PAUL BETTS

ROME, Feb. 8.

ALTHOUGH Italy's three main trade union confederations decided to-day against calling a general strike over the Government's latest measures against inflation, a number of wildcat strikes erupted this morning, notably at the vast Fiat Mirafiori car plant in Turin, and at the Lancia Chivasso plant.

The three federations, which earlier threatened a head-on confrontation with the Government, proposed instead a meeting with representatives of all political parties next week, to be followed by a meeting with the Government itself. The mechanical workers union, however, announced to-day a two-hour strike on Friday.

The trade unions are objecting to last week's decision by the minority Christian Democratic Government of Sig. Giulio Andreotti to increase value added tax to finance the partial transfer of social welfare costs from employers to the treasury. The new measures, made immediately effective by decree

law, were adopted to reduce Italy's rising labour costs which, are now negotiating a new collective factory agreement which includes monthly fringe benefits of the order of £10,000, some 12,000 workers went on a wildcat strike against what they called "Government intimidation tactics."

Both the Communists and the Italian Socialist Party have warned that they will propose numerous amendments when the new anti-inflationary measures are debated shortly in parliament.

Last night, the Christian Democrats also suffered two separate setbacks in the election of a new President for the province of Trieste, and in the local neighbourhood elections at Pistoia, an industrial town near Florence.

In Trieste, a Socialist was elected to the Presidency, held by Christian Democrats for 30 years, while in Pistoia the Communists won 52 per cent of the vote, 28 per cent more than last June, while the Christian Democrat vote was 18 per cent down on last year.

Czech leaders stress unity, lash critics

BY PAUL LENDVAI

VIENNA, Feb. 8.

IN A TENSE atmosphere of position as part secretary-general in particular Mr. Bilak's speech delivered at a meeting of 2,000 party activists last night, is only likely to give a further fillip to rumours about Dr. Husák's future.

Mr. Bilak, regarded by most observers as a prominent hardliner, emphasised that the "treacherous attack of subversives and relentless struggle must be waged against right-wing opportunists." He claimed that the regime only reacted to provocations by the Charter 77 movement, the programme of which is one of "destruction, disruption and chaos." Mr. Bilak warned the human rights leaders that, if they wanted to live in Czechoslovakia, they must realise that they cannot endlessly play with the patience and tolerance of our people." The party daily newspaper Rude Pravo claimed editorial that the overwhelming majority of the Czechoslovak people had resolutely repudiated the "handful of bankrupt saboteurs."

Meanwhile, Mr. Vasil Bilak, a member of the pyramid and secretary of the Czechoslovak central committee, publicly denied that there was a split in the top leadership. This is the first time that the public has been told of "speculation" concerning the leadership in general and Dr. Gustav Busák's

position. The signatures of Dr. Jim Hajoek and Prof. Jan Pototsky, the spokesman of the human rights movement, sent a letter this week to the Czechoslovak parliament protesting against a warning by the State Prosecutor. They were told last week that the activities of the Charter 77 movement were illegal. The two hardliners rejected the prosecutor's right to interpret the Czechoslovak constitution. The letter added that repressive measures and the long campaign by the authorities, rather than the manifesto, engendered echoes abroad, and were responsible for criticism voiced by progressive circles from important Communist parties.

In a telephone interview with Austrian television last night, Mr. Hajoek said that he and many signatories of the manifesto regarded themselves as Marxists and as part of the international Communist movement. He recalled that the document adopted at last year's East Berlin Congress had specifically called for the respect of human rights and ratification of the relevant conventions. The signatories of Charter 77 mainly want to defend the Socialist character of the Czechoslovak system, make it more human and efficient, and at the same time promote east-west detente, he said.

One of the greatest living Hungarian writers, Tibor Dery, revealed last night in an interview shown on Vienna television that he had refused to sign a manifesto of solidarity with the Charter 77 human rights movement in Czechoslovakia, which was signed by 34 Hungarian intellectuals last month. The 82-year-old author, who spent three years in prison after the crushing of the Hungarian uprising in 1956, said that the actions of the Hungarian intellectuals had no practical purpose.

Furthermore, it could only harm the moderate political course of Mr. Janos Kadar, the Hungarian party leader. The statement by Dery indicates a split among Hungarian intellectuals regarding the human rights movement in other Communist countries.

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AMERICAN NEWS

Canadian
obless at
record high
in January

OTTAWA, Feb. 8.
NADIAN unemployment in
January was \$89,000 the highest
record since monthly labour
statistics began to be collected in
1951, Statistics Canada reported
yesterday.

The federal agency said that
the jobless rate last month,
adjusted for seasonal variations,
was at 7.5 per cent. That rate
is the same as December, but is
highest for a January since
1951. The actual unemployment
rate was 8.8 per cent. The
seasonally-adjusted rate, how-
ever, is usually used by econo-
mists to predict trends.

In January 1976, the unemploy-
ment rate was 6.6 per cent, and
there were 800,000 persons with-
out work. In December, there
were 754,000 persons unem-
ployed.

The high, seasonally-adjusted
rate for January reflects a
worsening unemployment trend.
In the last five months, the job-
less rate has been worse than in
equivalent months a year
earlier.

Victor Mackie, add: Finance
Minister, Mr. Donald Macdonald
yesterday that wage and
price controls would be removed
in the year provided that agree-
ment can be reached between
town and the provinces and
labour and business on a
set of post-control restraints. His
statement strengthened speculation
which followed the federal
and provincial finance minis-
ters' meetings last week that the
wage and prices controls pro-
gramme would cease this sum-
mer or autumn.

He said that removal of the
controls would not be difficult.
The real difficulty we have had
in discussions this past week
with both labour and the pro-
vinces is that we sought from
them a reaction on a number
of methods of getting out of con-
trols," he said. He warned that
in the post-control period with
the government clamping down
on wage demands in the public
sector there would be the risk
strikes in the public service.

Mr. Macdonald said that
Cuba and the provinces have
discussed different approaches to
controlling controls. If it were
possible with labour and business
management, the federal and provincial
governments, to agree on a set of
post-control restraints, he could
see controls being removed this

If there were no agreement,
then the federal government
would have to resort to a process
of phasing out controls. This
process would run well into 1978.

NYC granted six months to repay short-term debt

BY JAY PALMER

NEW YORK City this morning with the court-ordered repayment of a major victory in its battle against the city's moratorium on debt held by corporate investors. Last week the city failed to meet the repayment deadline of \$1bn. of short-term debt when New York State's Appeals Court accepted the city's appeal. This morning, the appeals court ruled that New York City must repay more or less immediately. The judges ruled that the city must repay a small part of the total debt held by institutional or corporate investors.

This extra time should give the city and its financial advisors time to negotiate special funding for repayment with its leading creditor banks and the pension funds of its biggest municipal unions.

The most recent reports from the city's continuing negotiations with the banks and unions is that many earlier objections and hurdles have now been removed.

The banks appear to have dropped their demands that the union's accept an independent moderator to oversee pay claims.

The judges also ruled that the lower court for further discussions about the details of repayment. However, the court gave the city six months to arrange the repayment before providing cash while the unions have stopped insisting that the banks must provide the cash first.

NEW YORK, Feb. 8.

THE VENEZUELAN Government will not negotiate with Occidental Petroleum of Venezuela over the company's indemnification claims dating back to the nationalisation of all foreign oil companies early last year.

This decision was revealed by Venezuela's Petroleum Minister, Sr. Valentín Hernández, after it was announced last week that Occidental was planning to sue the government for \$25m. in compensation for oil discoveries made in Lake Maracaibo. While

other oil companies have received—and continue to receive—indemnification payments from the Venezuelan Treasury, the Government has not assigned a compensation figure to Occidental. Talks on the takeover of Occidental assets were halted by Venezuelan President Carlos Andrés Pérez in 1972 after a former Occidental executive charged in the U.S. that the American company had paid several million dollars in political contributions and bribes in Venezuela.

Asked to comment on the Occidental case recently, President Pérez said curtly: "The Government will not pay."

These developments will certainly make the Guyanese economy more attractive to Comecon involvement. Comecon financing is becoming more and more attractive to developing countries where there is urgent need for development capital, and where foreign capital has become increasingly scarce. It is the same in the case of Guyana.

To a country publicly committed to eschewing the "capitalist-imperialist" path for socialism, Comecon did not establish relations with developing countries necessarily on the basis of ideology. The example there is considerable interest in the cited was Mexico which entered association with CMEA in 1976. It is fair to add that that agreement has had few concrete results.

However, Comecon's interest in Guyana has certainly resulted in Guyana's plan for industrial diversification are aluminium smelting, forestry development, paper and pulp production, and fisheries. The aluminium smelting project is linked to the former British colony during the development of a medium-sized town. These include a hydro-power scheme and together nationalisation policy, and the bill could total \$US 800m. Government's public commitment to a socialist programme of this project, and a possible financial package from Western Guyana's application to the sources is among the matters under consideration.

A Comecon package for in Havana, Guyana already had

Guyana's aluminium, like that bilateral agreements with sev-

for Cuban nickel, could provide vital member states. Formal re-

financing of the twin project lations exist with Cuba, East

as well as a guaranteed market Germany, Romania, the Soviet

for much of the product at stable Union, and Yugoslavia. Bilateral prices. There are obvious agreements are to be negotiated

between the Chinese at ease.

Harsh words passed between the two capitals and the two senior diplomats were recalled for consultations. It was not before January that the Guyanese ambassador returned to Washington and the American charge d'affaires to Georgetown.

An association of Guyana with Comecon would obviously threaten the Chinese foothold in the region. Relations with the Soviet Union have so far taken a back seat to Guyanese relations with the Chinese. Mr. Burnham has made an official visit to Peking, and two loans totalling about £17m. have been extended by the Chinese.

It is quite unlikely that Mr. Burnham will want to get caught up in Sino-Soviet rivalry. There are signs too that he will continue to maintain ideological independence even if the Comecon agreement comes about. Sources in the Foreign

Ministry have indicated that he will probably visit Moscow in May. But he will make a prior visit to Canada in March

(obviously to keep the West happy), and the Head of State, President Arthur Chung, will pay a State visit to Peking in April (obviously to set the Chinese at ease).

Ford backs Carter on Sakharov

BY DAVID BELL

THE CARTER administration nomination. The former President's refusal to see the Russian writer was my Oval Office," he added. Mr. Ford's refusal to see Mr. Solzhenitsyn, then Secretary of State, who feared the impact that it might have had on the Republican Right later seized on in his effort to portray him as a "legitimate issue." The Carter soft on the Russians. His dismissal of Dr. James Schlesinger as Secretary of Defence was another. But Dr. Schlesinger lived to fight another day and is Dr. Schlesinger's chief energy adviser.

Administration has made clear that it rejects the idea that another. But Dr. Schlesinger reached with the Russians at Helsinki in 1975.

Mr. Ronald Reagan, the man whose rival candidacy so damaged

Mr. Ford throughout the first half

of last year, was also doing some

public reflecting yesterday. He told reporters that he might well accept the vice-presidential nomination in Kansas

City if the President had offered it to him the morning after he finally defeated the Californian for the nomination.

Mr. Reagan's vice-presidential

candidature might have unified

the party but it would also have

given the impression that Mr. Ford was accepting many of the

Californian's criticisms. In any

case, the Reagan forces made

clear at the time that their man

would have nothing to do with

any Ford approach. Mr. Ford

never offered him the job and he apparently never even thought

of doing so.

Mr. Reagan said Mr. Ford would surely try again for the Presidency in 1980. He side-stepped questions about his own ambitions but recognised that he

will be 70 by the start of the

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Tourists about 600 Washington and Havana are any trace of a smile that Verdi did not write Falstaff until he was 83.

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normalisation of relations. But there, U.S. visitors to Cuba apparently never even thought

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Mr. Cyrus Vance, the U.S. Sec-

retary of State, has referred on the protection of his passport.

Various occasions recently to he may spend no U.S. money

normalisation of relations. But there, U.S. visitors to Cuba apparently never even thought

OVERSEAS NEWS

Tanzania-Kenya border stays shut

By John Worrall

NAIROBI, Feb. 8. RELATIONS between Kenya and Tanzania worsened to-day as Kenyan government ministers urged the Tanzanian authorities to open their border, which was inexplicably closed at the weekend, and restore normal traffic.

But the border remained closed to-day, trapping Kenyan lorries, buses, tour vehicles and private cars on the Tanzanian side. Their Kenyan drivers have been taken into custody. Most of the stranded tourists, their transport impounded, have now been airlifted to Kenya from Kilimanjaro airport.

Late last night, after special arrangements with Tanzanians had been made by the British Foreign Office, a British Airways Boeing 747 was diverted from its Johannesburg-Nairobi flight to Kilimanjaro airport to pick up 104 stranded tourists. Among the passengers were 35 Britons, 41 Americans and 15 people of other nationalities.

Accommodation in Nairobi was hurriedly found and a fleet of cars took them into the city. Some 600 tourists who had been doing the mountain circuit at Mount Kilimanjaro from Kenya have now been airlifted to Nairobi by various airlines.

Some Kenyans believe that the Tanzanian government is highly embarrassed by the border closure, which, sources say, was ordered by a junior official.

This may well be the apology, if and when it comes. The Tanzanians believe that their nationals, sacked from the grounded East African Airways (EAA), are being harassed in Nairobi, and the border closure and the arrest of Kenyans in Tanzania may be a reprisal. But the most popular theory is that Tanzania is furious over the unilateral grounding by Kenya of the bankrupt EAA fleet at Nairobi.

All Tanzanian EAA employees have been told to assemble in Nairobi for an airlift home, which may take place to-morrow. So far, no official explanation of the border closures been received in Nairobi.

One incident which could have been very ugly took place at the border a few days ago. A group of tourist vehicles was ordered to stop, but one driver drove on and was fired at as he tried to escape into Kenya. The tyres of his vehicle were destroyed by gunfire, but neither he nor his tourist passengers were injured.

To-night, the Kenyan Government called on Tanzania to release all Kenyan citizens, vehicles and aircraft being held to "reieve present anxiety of their nationals and property." Today, President Idi Amin of Uganda, commenting on the ill of the East African Community, said: "The law of the jungle, of highway robbery and banditry appears to have replaced all commonsense."

ON OTHER PAGES

International Company News: General Motors results CII-Honeywell Bull 21/22 Farming and Raw Materials: Tungsten price rise continues U.S. honey import curb plan ... 27

Congress Party presents a law and order platform

BY DAVID HOUSEGO, ASIA CORRESPONDENT

NEW DELHI, Feb. 8.

MRS. GANDHI went out of her end," was delayed to allow been built and nurtured." It way to project an image of collective leadership, when she launched the delayed election manifesto of the Congress Party here to-day.

"Congress has never been a one-person party," she declared, evidently anxious to rebut the charges of authoritarianism that have been the main cause of her sudden loss of support. Her belief, she added, was the same as when she became Prime Minister: "I must be the humble servant of the people."

To reinforce the picture of humility and simplicity, Mrs. Gandhi sat cross-legged on the floor of the rostrum at Congress Party headquarters with her cabinet colleagues and senior party officials around her. She declared that India had achieved the stability acknowledged even by critics abroad.

Underlying this law-and-order message, the manifesto claims that Opposition leaders had before the declaration of the emergency, incited the armed forces to riot and threatened the integrity of the country by stirring violence and communal hatred.

The manifesto, the slogan of which has been clumsily translated in English as "Poverty in Mrs. Gandhi's face, it says must go, disparity must that under the Congress Party but which shows no change in diminish, and Injustice must "democratic institutions have present Congress policy.

GANDHI REGIME'S URBAN POLICIES

Blinded by arrogance

BY DAVID HOUSEGO IN NEW DELHI

THE INCIDENT of the Turkman Gate has become part of the mythology of Mrs. Gandhi's excitable and energetic emergency rule in India—a reference point about which arguments stir in faint echo of the type of passions aroused in the 1920s by the far more serious "Amritsar Massacre."

On April 19, 1976, police and demonstrators clashed as bulldozers knocked down slum dwellings beside the Turkman Gate near the Juma Mosque (the Friday Mosque) in the heart of the Moslem quarter of Old Delhi. Officials say five people died. Opposition leaders say between 60 and 200 were killed in the firing. The Government account is probably closer to the truth but popular belief carries more political weight.

The riot was sparked off by two issues that are already prominent in the election campaign in Delhi, and in much of northern India, as well: sterilisation, and rapid slum clearance.

Since April 1 last year over 6m. Indians have been sterilised or 50 per cent more than any city official. She claims she has financed rickshaw drivers to buy their own rickshaw, cleared squatters from the streets, has had exorbitant rents rescinded, provided loans for new aristocratic family, a socialist counters heatedly. What evidence there is certainly bears out that doctors have performed forced sterilisations. Equally it is impossible to dismiss the numerous accounts of houses denied or salaries and promotion held back from those without a vasectomy certificate or evidence that they have recruited a volunteer for sterilisation that is pressure, whether legitimate or not.

The Delhi "resettlement" programme has involved shifting some 700,000 people from the city centre to estates five to 15 miles away. In some cases it has meant creating new slums in the place of old ones. In others there is a relief at being out of the slums of the tenement buildings. Miss Sultana claims to have had no part in the bulldozing down of the slums beside the Turkman Gate. The assurances, they said, came at the conclusion of hearings at



India's General Election

housing away from the city centre, and has had old houses pulled down. No Minister has entered this area for years, she says, pointing to houses where people live 20 to a room. "All this work would have been impossible without Sanjay's support," she adds. Since she is opposed by religious leaders and established politicians, by prejudice and the fear of the poor at change, she nonetheless believed she had won many of them over to her side. The massive crowd that packed the Opposition meeting at the nearby Ramila Gardens on Sunday proved this a myth.

Hospitality to her work has focused on the sterilisation programme. "The police picked up people indiscriminately, took them to Dujana house (Miss Sultana's headquarters) and force sterilised them," an as hesitant about fielding her as a candidate as it is about Mr. Sanjay Gandhi.

Congress has yet to choose its candidate but until last week it would probably have been Miss Sultana. Now Congress will be all to carry through such programmes.

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HOME NEWS

EEC gains from U.K. car market at Japan's expense

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

HERE HAS been a marked and during this year these will be supplemented by Leyland's Allegro model which is to have its assembly concentrated in Belgium.

In addition to the flow of built-up cars, there is also an increasing interchange of components between Britain and the Continent, which is further blurring the definition of an imported car.

For example, slightly more than 50 per cent of the Ford Fiesta is made from foreign components, although it counts as a domestically produced car because it is assembled in Britain.

This increase covers virtually the substantial rise in imports that has occurred during the last 12 months, and which, though January's imports to a record 43.5 per cent, against 6 per cent a year before.

By contrast, the Japanese makers' market share declined slightly from 8.5 per cent to 7 per cent.

The figures underline the growing level of integration within the EEC car market. A substantial number of the cars coming into Britain from the continent comes from the associated European plants of Ford, Chrysler and Vauxhall,

The best selling car in January was the Ford Cortina (11,886 registrations), followed by the Escort (9,801) and the Leyland Mini (6,261).

Three imports—the Fiat 127, Ford Granada and Vauxhall Cavalier—found their way into the top ten list.

Fiat's inclusion indicates the effects of its recent aggressive selling policy on the Left, and the rejuvenation which has occurred in the company's performance in Britain in recent months.

Sales of Datsun, last year's leading importer, fell sharply from 7,006 units to 4,583.

U.K. CAR REGISTRATIONS				
January				
	1977	%	1976	%
British Leyland	32,572	28.55	37,816	28.92
Ford*	29,223	25.61	33,267	25.44
Vauxhall*	9,123	8.00	10,570	8.08
Chrysler*	5,841	5.12	10,378	7.94
Total British	64,519	56.55	88,166	67.42
Fiat	6,597	5.78	2,823	2.16
Renault	5,109	4.48	6,499	4.97
Datsun	4,583	4.02	7,006	5.36
VW/Audi	3,285	2.88	4,560	3.49
Total imports†	49,577	43.45	42,601	32.58
Grand total	114,096	100.00	130,676	100.00

* These figures include cars from the companies' Continental associates which are not included in the total British figure.

† This figure includes imports from small sources, including cars from the Continental associates of the British companies.

U.K. car output up probe only 3% last year

BY TERRY DODSWORTH

WORKS by Ford, British Leyland and Vauxhall to boost car production last year met with qualified success, but the overall impact was substantially reduced by a 37 per cent output cut at Chrysler U.K.

As a result, the total number of cars turned out went up by only 3 per cent on a weekly average basis of calculation—to 159 units a week as against 150 in 1975, according to Motor Manufacturers' Traders figures issued yesterday.

Ford produced the biggest up in production last year, with an increase of 14 per cent to 7,231 weekly units against 6,731 the previous year.

Leyland went up by 11 per cent to 12,979 weekly units compared with 11,637 in 1975, while Vauxhall increased output by 8.5 per cent to 7,231 units against 6,731.

Chrysler output collapsed from 38 weekly units to 2,728.

In Chrysler's case the decline owed the Government rescue package, which involved a considerable restructuring of manufacturing facilities last year. But company claims that it produced more cars than were envisaged in the Government's plan.

This year it is believed that Ford has set a target closer to 25,000 cars a week for its factories, and during January to 2,872. Among the smaller manufacturers, Foden and Seddon Atkinson all up in output, which has registered an improvement on affected other companies, 1975.

U.K. CAR PRODUCTION, 1976			
These figures give weekly average production for the whole year			
	Car	Commercial vehicles	
Jan-Dec.	1976	Jan-Dec.	1975
Ford	12,979	11,637	2,728
Vauxhall	7,231	6,731	2,483
Chrysler	2,728	2,483	369
Total	20,597	18,857	1,758
Average per week	162	148	152
Weekly average total	25,159	24,379	7,020
of weeks per counting period	53	52	53
# of recorded production	1,333,449	1,267,696	372,057
	380,704		

Aircraft plans make rapid progress

BY MICHAEL DONNIE, AEROSPACE CORRESPONDENT

PROGRESS is being service by the late 1980s, production will have to begin in the early 1980s. All the preparatory work on design and industrial collaboration with continental countries will therefore have to be completed by the end of this decade.

Target 403, the concept is a tactical fighter that will combine vertical take-off and landing with supersonic flight at low heights. Several hundred such aircraft will eventually be required, several billions of £s to develop and produce. This reason alone, it is decided as the main military venture for the UK in the next 20 years of this century, the existing Tornado programme.

It is likely to be developed built on an international basis, with the West Germans initially interested.

The initial design ideas from aerospace industry are due to be sent to the RAF about end of this month or early March.

At the end of the year, the will have analysed these and be in a position to

Rodgers will lead Labour moderates

BY RICHARD EVANS, LOBBY EDITOR

MR. WILLIAM RODGERS, Secretary for Transport, is to head a new Labour Party pressure group of moderates in a move that could have a significant bearing on the future leadership of the party.

The new group, to be launched at a meeting in London on February 19, will campaign to attract a wide spectrum of party opinion in the centre as well as on the Right-wing, in contrast to the Social Democratic Alliance, backed by Mr. Reg Prentice, which is widely regarded in the Labour movement as being too extremist.

One of the major aims will be to organise a nucleus of moderate opinion in the constituency in order to prevent takeovers by small groups of Left-wingers.

Another objective will be to campaign for moderate candidates in the elections for the Labour Party's NEC at the autumn party conference. At present both the constituency section and the women's section elect more Left-wingers than moderates.

He is regarded by a group of moderate Labour MPs as a potential party leader who would possibly carry the moderates banner more effectively than other potential candidates. He is not averse to political infighting and the new organisation, if it gets off the ground, could provide him with an invaluable platform and

virtually ends Mr. Prentice's chances. It has to be confirmed by the NEC, but this is expected

Level of reserves will limit operation of safety-net

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE \$8bn. international safety-net facility to protect Britain's foreign currency bonds against withdrawals of official sterling balances became operational yesterday, but will not apply unless the reserves are above a certain point, the overseas side will be visiting Saudi Arabia and Kuwait—both big official holders—for seven days from the end of next week to discuss among other matters Britain's plans for an orderly reduction in the balances, and the new bonds.

A statement on the bonds is possible towards the end of the month, while Mr. Denis Healey, Chancellor of the Exchequer, may say something about the details of the safety-net later this week.

The original countries participating in the safety-net were the U.S., West Germany, Japan, Switzerland, Sweden, Canada, the Netherlands, and Belgium. These have now been joined by Austria, Norway and Denmark, which have each offered to provide up to \$1bn.

Scrap demand is no better

THERE ARE no signs of an improvement in the ferrous scrap market, where prices of steel scrap of about 229 a tonne, lower. Some sections of the industry fear demand may slacken even further, especially if reports of BST's plans to cut scrap consumption by 25 per cent this month prove accurate.

The £200m. a year industry, appears certain in the first quarter which is the biggest single tier of the year, with the run-up source of supply of raw materials in the end of the British Steel

National Airlines makes flying to the USA via Miami even more attractive.**Sun King Budget Fares**

DESTINATION	REGULAR ECONOMY FARE	14 TO 21 DAY EXCURSION FARE	22 TO 45 DAY EXCURSION FARE	22 TO 45 DAY SUN KING BUDGET FARE
Round trip from London to:				
ATLANTA	April 1- June 14 £416.00	June 15- Oct. 14 £581.00	April 1- June 14 £316.00	April 1- June 30 £224.00
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LAS VEGAS	521.00	587.00	427.50	459.50
NEW ORLEANS	424.00	490.00	374.00	353.00
SAN FRANCISCO	521.00	587.00	392.50	388.50
LOS ANGELES	521.00	587.00	392.50	388.50
MIAMI	387.00	453.00	313.50	360.00
FORT LAUDERDALE	387.00	453.00	313.50	360.00
FORT MYERS	387.00	453.00	313.50	360.00
MELBOURNE (Florida)	387.00	453.00	313.50	360.00
JACKSONVILLE	381.00	446.00	313.50	360.00
DAYTONA BEACH	384.00	450.00	313.50	360.00
ORLANDO	387.00	453.00	313.50	360.00
SARASOTA	387.00	453.00	313.50	360.00
TAMPA	387.00	453.00	313.50	360.00
WEST PALM BEACH	387.00	453.00	313.50	360.00

Subject to governments' approval and to change without notice.



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HOME NEWS

Japan given nuclear fuel contract assurance

By David Fishlock,
Science Editor

TOP JAPANESE electricity industry officials led by Mr. N. Tanaka, who are in London this week to discuss the £500m nuclear contract they hope to place with Britain, have been assured British Nuclear Fuels could still undertake the contract.

The Japanese delegation had lengthy talks yesterday with Mr. Con Allday, managing director of British Nuclear Fuels, and Mr. Georges Besse, managing director of the French nuclear fuel company Cogema. They met Mr. Peter Shore, the Secretary for the Environment, and Sir John Hill, chairman of the U.K. Atomic Energy Authority and British Nuclear Fuels.

The draft contract with Britain for the reprocessing of 1,635 tonnes of spent nuclear fuel from Japanese power stations was put in jeopardy last December by Mr. Shore's decision to call for a public inquiry of British Nuclear Fuels' plans to build a big oxide reprocessing plant at Windscale, Cumbria.

Under the terms of this draft contract the Japanese were to contribute about 40 per cent of the value of the contract as a down payment towards the cost of construction of the plant, which would also be needed to treat fuel from Britain's latest nuclear stations.

British Nuclear Fuels and Cokema, as partners in United Reprocessors, plan to divide the 3,270 tonnes of spent Japanese fuel expected between 1982 and 1990 equally.

One way in which the British Government might be able to give the Japanese delegation the assurances it is seeking is for Mr. Shore to approve the construction of considerable extra pond storage capacity at Windscale.

Because of the scale of the new storage — say 1,000-tonne capacity — such a project would probably need to start this year to be ready by 1982.

But the contract between Britain and Japan would still need to include a clause giving the company the option of re-negotiating should the public inquiry turn down the proposal for oxide reprocessing plant.

Mr. Anthony Wedgwood Benn, the Secretary for Energy, who will meet the Japanese party to-day, told the Commons yesterday that although the Windscale reprocessing project had to go to public inquiry, talks with prospective customers would continue.

Government urged to allow incentive deal for miners

BY ROY HODSON

THE MINING unions and the government of up to £400m a year into National Coal Board will the Coal Board between now and 2000. But Mr. Anthony Wedgwood Benn, the Energy Secretary, estimates suggested when the plan was drawn up after the rise in oil prices.

The new strategy estimates that by 1985 new mines will provide 10m. tonnes a year, compared with first estimates of 20m. tonnes. The Board still expects to meet its target of 120m. tonnes a year of deep-mined coal by 1985, and an additional 15m. tonnes of open-cast coal a year.

For the long-term, between 1985 and 2000, the tripartite committee accepts Coal Board estimates that production may need to be expanded to 170m. tonnes a year. Coal expansion is to continue at a rate of 100 deep boreholes a year. But already the technically recoverable reserves of coal known in Britain amount to about 45,000m. tonnes — approximately 300 years supply at current mining rates.

A new coal industry Bill to be put before Parliament to-day will contain legislation to enable the industry to expand as recommended by the tripartite group. Parliamentary approval will also be required to enable the Coal Board to develop new technology for converting coal into liquid fuels and applying it as a petrochemicals feedstock.

There has been a change of emphasis in the £3.1bn. Plan for Coal which covers the ten years to 1975-85. Planning approval for

new mines is taking longer than had been expected and many older mines are likely to be workable for longer than first estimated.

The new strategy estimates that by 1985 new mines will provide 10m. tonnes a year, compared with first estimates of 20m. tonnes. The Board still expects to meet its target of 120m. tonnes a year of deep-mined coal by 1985, and an additional 15m. tonnes of open-cast coal a year.

For the long-term, between 1985 and 2000, the tripartite committee accepts Coal Board estimates that production may need to be expanded to 170m. tonnes a year. Coal expansion is to continue at a rate of 100 deep boreholes a year. But already the technically recoverable reserves of coal known in Britain amount to about 45,000m. tonnes — approximately 300 years supply at current mining rates.

A new coal industry Bill to be put before Parliament to-day will contain legislation to enable the industry to expand as recommended by the tripartite group. Parliamentary approval will also be required to enable the Coal Board to develop new technology for converting coal into liquid fuels and applying it as a petrochemicals feedstock.

GLC rail plan 'wasteful'

BY IAN HARGREAVES, INDUSTRIAL STAFF

PASSENGERS would not benefit if the Greater London Council's bid for control of British Rail's inner London suburban services were realised, the British Rail Board said yesterday.

In a detailed memorandum to a Commons Select Committee, the Board argued that a GLC proposal to set up a London Passenger Transport Authority to provide over more closely integrated rail-rail network would be complicated and wasteful.

"Any reorganisational gains are largely hypothetical. The existing parties would still remain and the authority would be an addition rather than a replacement," says the memorandum.

"The disruptive effects of yet another organisational change would offset, at least in the short term, any benefits it might bring."

Among the objections raised is to secure additional subsidies road interest and financial pressure to the GLC proposal are:

take-over of some of the Board's services, it would seem unlikely that such an aim would be attainable."

Taking up a number of issues raised by previous witnesses to the committee, the Board also developed its case for the State-owned National Bus Company to drop its express coach services where they compete with inter-City trains.

A new detail of the suggested trade-off emerged yesterday when the Board suggested that National Bus might charter coaches on inter-City trains to provide capacity for its passengers. Seats would be booked through National Bus.

A further memorandum argues strongly for the return of freightliners, the container carrier jointly owned by National Freight Corporation and the Board, to railway control. It says that the Freight Corporation has failed to market freightliner services properly because of its predominant

role in the short term, any benefits it might bring."

British Rail replies that the idea of extra funds for London rail is "a mirage and a con-

cern" if the council's objective

is to secure additional subsidies road interest and financial pres-

ure to the GLC proposal are:

I am offering you six keys to successful industrial location.

British Steel's modernisation programme is releasing some of the best industrial resources in Britain with everything you need for profitable growth. This is a unique opportunity for you to develop without problems at prime industrial sites in England, Scotland and Wales.



Sir Charles Villiers
Chairman of British Steel Corporation

We have available:

- 1 A reliable and flexible workforce
- 2 Comprehensive retraining facilities
- 3 Fully serviced industrial sites, with good access and communications
- 4 New factories—available now or built to requirements—to rent or buy
- 5 Government and ECSC-backed financial incentives—probably the best deal in Europe.

The sixth key—BSC (Industry) Ltd—is unique, as I know from my experience as a former Managing Director of the Industrial Reorganisation Corporation and Chairman of the Northern Ireland Finance Corporation.

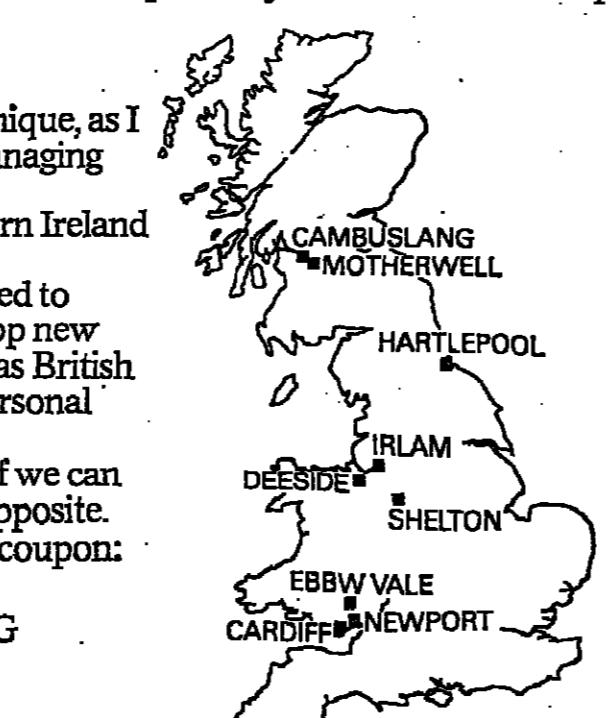
BSC (Industry) Ltd, was specially formed to mobilise British Steel's resources to develop new industry. To ensure that BSC (Industry) has British Steel's full weight behind it, I am taking personal charge.

Ring me direct at 01-235 1212 Ext. 200, if we can help you in the areas shown on the map opposite.

If you prefer, write to me, or return the coupon: BSC (Industry) Ltd, P.O. Box 403, 33 Grosvenor Place, London SW1X 7JG Telex: 916061.

To Sir Charles Villiers. Please send me a brochure about BSC (Industry).

Name	Position
Address	
Telephone	FTT



BSC (Industry) Ltd
 British Steel Corporation

Need for profits revival stressed

By Peter Riddell,
Economics Correspondent

A STRONG statement of the need for a revival in the profits of British industry was made yesterday by the Treasury.

The main article in the latest issue of the Treasury's monthly Economic Progress Report highlights the sharp drop in the profitability of industrial and commercial companies in recent years—in particular the decline from 12 per cent in 1960 to 4 per cent in 1975 in the rate of return on capital when adjusted for inflation.

This is defined as gross trading profits net of both stock appreciation and capital stock replacement at replacement cost as a percentage of net capital stock at current replacement cost.

The Treasury says the Government is well aware of the dangers implied in the declining trend of profitability in real terms and its industrial strategy is based on the regeneration of a profitable industrial sector.

The article goes on to specify various actions the Government has taken to reflect this. It notes, for example, that the Chancellor of the Exchequer has explicitly recognised the value to industry and commerce of a stable tax environment where there are not frequent changes in coverage and rates which make financial forecasting so difficult.

The replacement cost rate of return "it is understandable if managements are tempted to postpone new investment in fixed assets," even though the judge that they have or can get adequate funds and that these can be put to effective use—and decide instead to retain profits to

reduce company debt or employ their funds to make financial investments which will earn high rates of return."

The article points out that profitability in historic cost terms has been in a range of 13 to 13.5 per cent in the past 15 years.

Britain may have 30 oil and gas fields in use by 1980's

By RAY DAFTER, ENERGY CORRESPONDENT

MORE THAN 30 British oil and gas fields could be contributing to a rising demand for work vessels such as deck-cargo barges and heavy-duty crane barges. There should also be a recovery in the market for anchor-handling supply and tug boats.

Exploration activity is expected to remain at depressed levels for the next few years, although it could pick up again at the end of the decade as companies with commercial fields find themselves in a favourable cash position.

Rigs used for drilling in the North Sea as a whole could recover from 30 this year to around 50 by 1980 although even this higher level of activity will be insufficient to absorb the available supply.

In addition, there could be a near-term demand for up to 20 mobile platforms to be used as construction or accommodation/storage vessels.

Pipelining activity is expected to decline in the next two years and there could be a complete plateau at the end of the decade, before major decisions are taken on the gas trunk line projects in the U.K. and Norwegian sectors. Even then, it seems likely that the number of work-boats engaged on pipelaying and trenching would exceed ten—less than half the figure at the peak of operations last year.

Maintenance and diving support functions are seen as the fastest growing sectors in the North Sea. The number of support vessels required should grow rapidly, the report adds.

The report—North Sea Oil and Gas Vessel Requirements, 1977-81—points out that several of the finds were close to pipeline facilities with spare capacity. Others would become commercially viable if low-cost mobile production systems were developed and if the Government adapted its taxation policy to encourage marginal fields.

During this year operators should be installing platforms for four U.K. fields (including two on Chevron's Njord field). It is possible, the report adds, that the Government has encouraged companies to spend on their assets even though they judge that they have or can get adequate funds and that these can be put to effective use—and decide instead to retain profits to

reduce company debt or employ their funds to make financial investments which will earn high rates of return."

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The new emphasis on field development (rather than ex-

City inquiry seeks finance investment evidence

Financial Times Reporter

SIR HAROLD WILSON'S committee of inquiry into financial institutions is to invite written evidence on the subject of finance for investment from representative City institutions, Government departments and the Bank of England.

This was announced after the committee's second meeting yesterday at which it was decided that finance for investment should be the central theme of initial inquiries.

Representative bodies will be asked to make their submissions—if possible in a next two months—giving the overall view of the attractions for providing finance for investment in the U.K. and describing the part they play in the financial system. This initial evidence will not be for publication.

The committee will approach individual firms and banking and investing institutions over the next few months for written evidence on the same subject. Individuals may also approach. Any individual with views on the matter is invited to submit them by end of March.

More jobs in Massey Ferguson expansion

By Kenneth Gooding, Industrial Correspondent

MASSEY-FERGUSON is to expand its plant at Knowsley Industrial Estate on Merseyside and expects to create up to 1,000 new jobs over the next years.

The Knowsley factory, which makes large wheeled loaders, earthmoving and digging leaders for attachment to trial tractors, employs 500 people at present.

The company first moved to Knowsley in 1970 as a Department of Industry estate, in 1970 doubling the size of the plant the following year.

Now a contract worth £750,000 for a further extension has been awarded to Norwest Construction (Build of Bootle).

This will increase the size of the factory to 334,000 sq ft, and it should be ready use in early November.

Knowsley has been slightly affected by the dispute at Massey-Ferguson Banner Lane plant in Coven where tractors which use attachments made at Knowsley assembled.

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On the basis of the information received, it is concluded that the new industry, which has been building up for seven years, can claim only small successes, with 980 new jobs created in Ebbw Vale since 1972 and another 1,800 expected there in the next four years.

The BSC is willing to enter into joint ventures if they guarantee new employment. It has created four such ventures which include factories to manufacture valves and stainless steel silencers.

Up to the early 1980s at least 15,000 jobs are due to disappear as part of BSC's strategy agreed with the unions and the Government, and it is hoped to gear new factory developments into the closure programme.

Advanced factories have already been built at Hartlepool, Motherwell, Ebbw Vale, Ilfracombe and Newport and industrial sites cleared at other locations. Co-operation with development agencies and local authorities has produced about 1m. square feet of advanced factories.

Marketing campaigns are planned in the U.S., Japan and West Germany later in the year. More than 1,500 companies in the U.K. which are considered ripe for expansion are being contacted by the corporation.

In the current financial year BSC (Industry) has a budget of some £5.6m. This is expected to fall to about £4m. in the coming with good communications and year.

Drive to create new jobs for steel men is stepped up

By KEVIN DONE, INDUSTRIAL STAFF

THE BRITISH Steel Corporation is stepping up its campaign to attract new industries to traditional steel-making areas.

As part of its ten-year strategy thousands of jobs will be lost in West Central Scotland, the new jobs created in Ebbw Vale since 1972 and another 1,800 expected there in the next four years.

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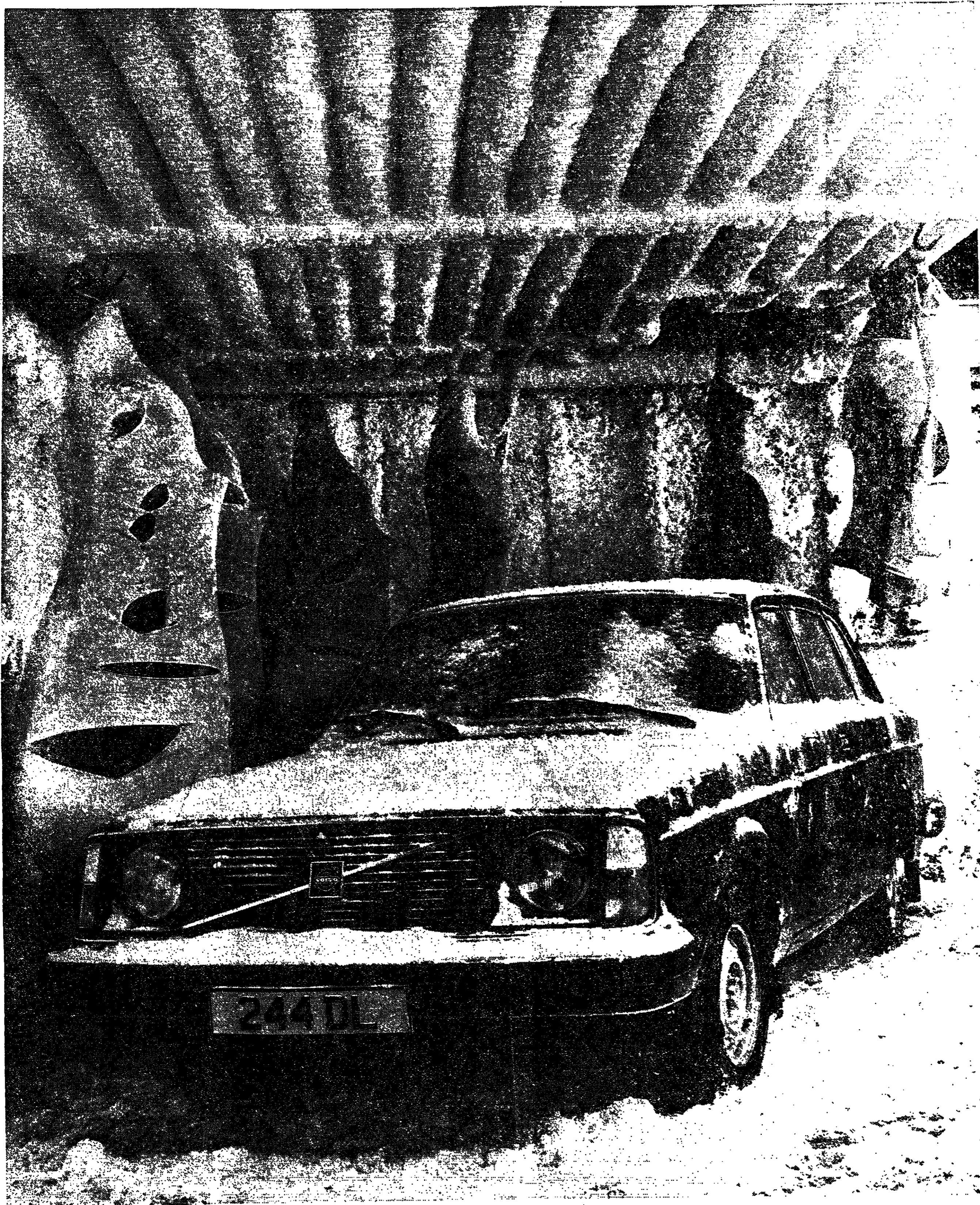
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Heavy losses prompt ICI Fibres changes

By RYHS DAVID, TEXTILES CORRESPONDENT

A SUBSTANTIAL restructuring of main Board responsibilities is being undertaken by ICI Fibres, which announced at the end of last year a cut of 500 in staff.



A WEEK LATER, THE VOLVO STARTED FIRST TIME.

If you're worried about leaving your car out all night this little story might interest you.

We drove an ordinary Volvo 244 DL into a refrigerated room normally occupied by several hundred Sunday joints.

We closed the door and left the car there for a week. At night, the temperature was minus 6°C. (Rather chillier than your front drive.)

A week later, an official from the AA came to drive the car out. The engine started immediately.

To be honest, this test wasn't too difficult for a Volvo to pass.

In Sweden, the temperature can be sub-

zero for as much as six months of the year and the Volvo is built to cope.

The starter motor and alternator are more powerful than those found on many cars.

The electrical components are well weather-proofed. (In another test, we pumped 1500 gallons of water into the engine and it still started first time.)

And if the Volvo engine is built to withstand severe winters so is the Volvo body.

The rust-proofing is probably better than on any other car you can buy.

In all, some 15 different sections of the bodywork are made from galvanised metal.

(So salt on the roads won't lead to rust on the car.)

Inside, we've also learnt how to weather-proof the Volvo driver.

The heated rear window is rated at 150 watts, so you'll always get a clear view.

The heater is unusually powerful, with a 3-speed fan and thermostatic control.

(It can heat the car up to 27° centigrade, even when there are 23° of frost outside.)

If you'd like a test drive call in and see your local Volvo dealer.

Whatever the weather we promise you a warm reception. **VOLVO 244**

LABOUR NEWS

Body plant strikers hit Leyland output

BY ALAN PIKE, LABOUR STAFF

PRODUCTION OF Leyland's Leyland's operations. Lay-offs Castle Bromwich and Longbridge and Jaguar ranges was at Longbridge and at the Rover bridge, at present and there is brought to a standstill yesterday factory in Solihull can be in theory, the possibility that because of the strike by 32 men expected to grow quickly unless men could collect redundancy payments and later rejoin at the company's Castle Bromwich body plant who want to be made redundant.

At Jaguar in Coventry, car assembly was halted yesterday with 1,300 workers sent home and this number will rise as work on part-completed cars in the factory comes to an end. About 1,000 Longbridge, Birmingham workers will be laid off from today because of the Mini shutdown.

Mini and Jaguar production was halted less than 24 hours after 1,300 men at Castle Bromwich struck in support of the 32 workers seeking redundancy. The company is recruiting at Birmingham position of the body plant to

longer be available.

Several hundred men at Castle Bromwich will be redeployed as the re-organisation of the factory goes ahead and Leyland fears that if it grants redundancy to the 32 it would provoke similar demands from others. The company is seeking to recruit at Birmingham ham-area factories, including

Another dispute at Castle Bromwich, by 350 press operators who walked out last week, ended yesterday and several hundred other workers who had been laid off were recalled. But the 32 would provide similar opportunities for other workers.

They were sent letters of available.

The company has said that it finds "inexplicable" the Transport and General Workers Union's attitude in supporting the strike in the district sorting office in Whitechapel Road.

The association's recent legal success in stopping a planned boycott of South African mail by the Union of Post Office Workers encouraged the shipping and travel agency E. H. Mundy, based in Poplar, to

make redundant when work is

dismissal after refusing alternative employment.

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AUEW seeks wage differentials

BY OUR LABOUR STAFF

PROBLEMS of pay differentials and job security in the engineering industry could hamper the Government's industrial strategy, Mr. Hugh Scanlan, president of the Amalgamated Union of Engineering Workers, warned yesterday.

The AUEW executive yesterday considered a report on shortages of engineering craftsmen produced by the National Economic Development Office

last month. This showed that skilled and unskilled workers are now other. The NEDO report is seen by many AUEW members as a timely and powerful weapon in the fight to restore differentials.

Mr. Scanlan said that deterioration of differentials, lack of permanent prospects and lack of any career structure for engineers and craftsmen was an

times to support pay policy

of when the present phase expires in July.

Journalist wins pay order

BY OUR LABOUR STAFF

A NEWSPAPER photographer said that on the evidence so far his application was likely to succeed.

The Ilford Recorder's decision to concede a NUJ closed shop has caused consternation among other newspaper proprietors.

The Newspaper Society, which represents provincial management, has asked the Recorder to show reason why its membership should not be ended.

Mr. Rodney Southwood, aged 32, chief photographer of the Ilford Recorder, was dismissed for misconduct last month after refusing to rejoin the NUJ, which he recently left for the rival Institute of Journalists.

Yesterday's hearing was adjourned because representatives of the newspaper's proprietors, South Essex Recorders, were not present. The tribunal chairman said Mr. Southwood could not be reinstated in his absence of his employers but just a nostalgic look at past gress.

NOTICE

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and Holders of Detached Debenture Coupons

of

KING RESOURCES CAPITAL CORP., N.V.

Guaranteed by

KING RESOURCES COMPANY

This NOTICE is published by Citibank, N.A. (formerly known as "First National City Bank") as Trustee ("the Indenture Trustee") under the Indenture dated as of November 1, 1968 relating to the above-described Debentures to advise you of certain events relating to KING RESOURCES CAPITAL CORP., N.V. ("KRCC") and KING RESOURCES COMPANY ("KRC"). On February 3, 1976, the United States District Court for the District of Colorado in which reorganization and bankruptcy proceedings of KRC and KRCC are pending, filed an "Order Approving Trustee's Amended Plan Of Reorganization And Fixing Time For Filing Acceptance Or Rejection" etc. Previously, on November 14, 1974, the Court had found that the value of the assets of the Debtor, KRC and its subsidiaries, was between \$60,000,000.00 and \$80,000,000.00 and that liabilities were in excess of \$125,000,000.00.

Certain interested parties appealed from the Court's Order of February 3, 1976 approving the Trustee's Amended Plan of Reorganization, and said appeal is still pending in the United States Court of Appeals for the Tenth Circuit.

On January 20, 1977, Charles A. Baer, the "Reorganization Trustee", filed his Trustee's Interim Report No. 42 containing an Interim Status Report for the period beginning October 1, 1976 and ending December 31, 1976. Included with Interim Report No. 42 was a Special Report by the Reorganization Trustee which summarized certain information provided to the Reorganization Trustee by Raymond S. Kravis & Associates with respect to updating and reviewing reserve calculations for the proven and developed oil and gas properties owned by the Debtor in the United States and Canada. As a result of such information, the Reorganization Trustee included with his Special Report a schedule of assets stating the estimated fair market value at December 31, 1976 of the assets of KRC and subsidiaries to be \$177,278,054.00. The Special Report also contains a schedule listing total liabilities to be settled in the reorganization proceedings, with post-petition interest to December 31, 1976, of \$131,407,760.00. Such re-evaluation of assets principally relates to the evaluation provided to the Reorganization Trustee by Raymond S. Kravis & Associates of producing oil and gas properties of KRC in the United States and Canada at \$103,114,204.00, as compared with the estimated fair market value of these assets presented to the Court during 1973-1974 of \$30,026,774.00.

Citibank, N.A., as Indenture Trustee, has requested that the Reorganization Trustee provide any debenture holder a copy of such Interim Report No. 42 upon request directed to Charles A. Baer, Trustee, King Resources Company, 201 S. Cherokee Street, Denver, Colorado 80223.

DATED: February 4, 1977

Indenture Trustee as aforesaid

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Freedom group may help company hit by postal strike

BY CHRISTIAN TYLER, LABOUR STAFF

THE NATIONAL Association dispute has caused a backlog of freedom is considering a 27m letters. The area affected covers

London company hit by the official Post Office workers' strike in the district sorting office in Whitechapel Road.

The association's recent legal success in stopping a planned boycott of South African mail by the Union of Post Office

Workers encouraged the shipping and travel agency E. H. Mundy, based in Poplar, to

make redundant when work is

dismissal after refusing alternative employment.

Several hundred men at Castle

Bromwich, by 350 press operators who walked out last week,

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Investment outlook good but orders a problem

BY ADRIAN HAMPTON

BUSINESS CONFIDENCE is with the pessimism stressed by once exceeded in the history of continue in the next four months.

With this rising sense of confidence and the increase in the falling proportion of companies expecting an increase in the value of new orders in the coming year. But manufacturing companies are showing the important exception of increasing concern about the capital goods producers seem particularly good for the materials.

The rise in confidence—with the improvement in the general atmosphere (the International Monetary Fund loan, Government action to cut public expenditure and reduce interest rates) and the rise in orders and output in the last four months.

The survey was carried out last month. It bases its findings on the weighted trend of answers to questions about recent and future orders, prices, stocks and other factors.

In the past six months it has

been experienced last autumn and ferrous metals, shipbuilding, drink and tobacco and building

industrial investment prospects seem particularly good for the materials.

The rise in confidence—

with the improvement in the general atmosphere (the International Monetary Fund loan, Government action to cut public expenditure and reduce interest rates) and the rise in orders and output in the last four months.

The CBI said this tended to confirm its previous forecast of a 10 to 15 per cent rise in manufacturing investment this year compared to last.

"Looking further ahead, investment in the year ending June, 1978 could be around 20 per cent higher than in the previous 12 months. Both forecasts suggest that the Treasury's expectations of a 10 per cent increase between the second halves of 1976 and April 1977 may prove reasonably accurate."

For all this optimism, the survey also adds a note of caution on a number of key points.

One is the degree to which price competitiveness has emerged as an export worry for the future, despite the Government's deliberate efforts to hold down the value of sterling.

After a continuous fall in the proportion of companies reporting on this factor in previous surveys, the latest survey shows a rise in the proportion to 47 per cent.

This is about average for the series as a whole but it represents a distinct reversal of a previous trend. It is also a growing problem for the largest firms—a group which has been relatively slow in increasing export prices," the CBI said.

The CBI suggested that the revival of confidence could have been damaged by publication of the 'Billock' report, which came after the answers came in.

The worry partly reflects the continuing high figures for completed—a balance of 55 per cent,

which have experienced an increase in average costs per unit of output in the past four months and the same balance of demand prospects will have to be overcome "if industry is to have a sound base for recovery."

The rise in output has led to a reduction in the proportion of companies working below capacity—to 64 per cent.

The survey answers show a particularly optimistic trend in exports.

In terms of volume of output, the figures again show a rise. A balance of 26 per cent of companies reported an increase in the previous four months.

The answer suggests that demand has been rising more strongly in the immediate past than at any time since the peak of the previous cycle," the CBI said.

The most welcome signs are those concerning business confidence, the recent trend in output and new orders and the rise in investment intentions.

In the last survey, for October, companies expressed a sharp increase in pessimism about the general situation. The latest survey shows 22 per cent of participants more optimistic than four months previously, with 16 per cent less optimistic.

The balance of 6 per cent figures.

In terms of export deliveries, recently despite the official figures.

In terms of export deliveries, average for the series as a whole, although it varies among sectors,

recorded a rise, a figure only

Devolution unsettling for industry

SCOTTISH BUSINESSMEN are worried by the "political uncertainty" caused by the devolution debate. It was claimed yesterday.

This was one of the reasons why the level of business optimism in Scotland was lower than in the U.K. as a whole Mr. Charles Wallace, chairman of the CBI Industrial Trends Panel in Scotland, said in Glasgow.

Other reasons were the withdrawal of the regional employment premium, which has hit Scottish industry particularly hard, and the new national

insurance levels payable by employers.

The CBI quarterly survey on Scottish industrial trends showed that 17 per cent of the 200 businesses questioned were more optimistic about the general business situation than they were four months ago, but 22 per cent were less optimistic.

Nearly two-thirds—62 per cent—reported below-capacity working. This is the same figure as last October, but the situation is now more widespread among larger companies.

It tends to be rather more optimistic about the underlying strength of the revival in industrial activity than the official figures for manufacturing output and exports have suggested.

The same note of cautious optimism that a slow cyclical recovery is under way, albeit from a very low base, is again apparent in the results of the latest survey.

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U.C. Investments Limited

(Incorporated in the Republic of South Africa)

With reference to the dividend notice published in the Press yesterday the salient dates in connection with the payment of this dividend are as follows:

Payable to members registered at the close of business 25th February, 1977. Books closed from 28th February to 4th March, 1977, inclusive.

per pro. UNION CORPORATION (U.K.) LIMITED, London Secretaries, L. W. Humphries.

8th February, 1977.

Now you don't.

Security lighting makes it a good deal easier to keep an eye on your property. Under cover of darkness it's all too easy to be robbed.

It happens 260,000 times every year. Around 700 times every night. And any night now they'll come to you.

Fast. Determined. Organised. Or just for kicks. Destructive. Fire-raising. Over recent years security lighting has

developed into a science to keep ahead of the criminal mind.

At strategic points you can turn night into day, making your premises a major hazard for the criminal.

But security lighting is a specialised subject and you need expert assistance.

Contact your local CID Crime Prevention Office and your Electricity Board.

But do it now. Before someone does you.

SECURE ELECTRIC

The Electricity Council, England and Wales.

Details of trends

TOTAL TRADE—1,848 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last October.

Are you more or less optimistic than you were four months ago about the general business situation in your industry? More Same Less

Are you more or less optimistic than you authorised in the past 12 months? More Same Less

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months? More Same Less

(a) Buildings 28 35 24 13
(b) Plant and machinery 49 31 20 1
Yes No N.A.

Is your present level of output below capacity (that is are you working below a satisfactory full rate of operation)? More

64 51 1
(68) (31) (2)

Approximately how many months' production is accounted for by your present order book or production schedule? More

Less than 1 1-3 4-6 7-9 10-12 13-18 than 18 N.A.
10 44 15 3 3 2 2 20
(11) (41) (18) (4) (3) (1) (2) (2)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to?

Trend over past four months Expected trend over next four months

Up Same Down N.A. Up Same Down N.A.

Numbers employed 25 52 23 — 20 61 19 5
(26) (53) (21) (—) (21) (64) (15) (—)

Value of total new orders 34 39 22 4 42 44 19 4
(50) (34) (13) (4) (43) (44) (9) (1)

of which:

(a) domestic orders... 45 36 15 4 35 49 12 4
(43) (35) (19) (3) (35) (47) (15) (3)

Value of output 70 23 7 1 64 20 5 1
(65) (28) (9) (—) (67) (27) (6) (—)

Volume of output 39 48 15 1 34 54 12 1
(35) (49) (15) (—) (40) (48) (12) (—)

Value of domestic deliveries 59 31 10 1 52 39 8 1
(55) (32) (12) (1) (54) (36) (9) (1)

Stocks of:

(a) Raw materials and brought in supplies 35 49 13 2 19 62 17 2
(35) (47) (16) (2) (24) (50) (16) (2)

(b) Finished goods 25 44 19 12 32 53 15 12
(22) (44) (23) (12) (22) (52) (14) (12)

Average costs per unit of output 86 12 1 1 86 12 1 1
(85) (12) (1) (1) (87) (12) (1) (1)

Average prices at which:

(a) Domestic orders are booked 70 26 1 2 76 22 1 2
(68) (27) (3) (2) (73) (23) (1) (1)

What factors are likely to limit your output over the next four months:

Orders Skilled Other Plant Credit or Materials or sales labour labour capacity finance components Other

75 15 3 13 5 8 5 8
(73) (15) (3) (14) (7) (12) (3) (2)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand 73 (75)

(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reason or reasons:

(i) Shortage of internal finance 11 (11)

(ii) Inability to raise external finance 3 (3)

(iii) Shortage of managerial and technical staff 2 (2)

(iv) Shortage of labour 1 (1)

(v) Other 1 (1)

(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reason or reasons:

(i) Not profitable because of the cost of finance 2 (2)

(ii) Shortage of internal finance 1 (1)

(iii) Inability to raise external finance 1 (1)

(iv) Shortage of managerial and technical staff 1 (1)

(v) Shortage of labour 1 (1)

(vi) Other 1 (1)

(d) None of the above is applicable 24 (25)

VEREENIGING REFRactories LIMITED

(Incorporated in the Republic of South Africa)

ORDINARY DIVIDEND NO. 60

NOTICE IS HEREBY GIVEN that Dividend No. 60 of 20 cents per share (1976: 20 cents) being the final dividend for the year ended 31 December 1976, has been declared payable to shareholders registered in the books of the company at the close of business on 26 February 1977. This dividend, together with the interim dividend of 10 cents per share declared on 31 July 1976, makes a total of 30 cents per share for the year (1976: 30 cents).

Transfer registers and registers of members will be closed from 26 February 1977 to 11 March 1977, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer registrar on or about 24 March 1977. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 16 March 1977 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer registrar in Johannesburg or in the United Kingdom on or before 28 February 1977.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

Group Profits

The audited group net profit for the year ended 31 December 1976 was R3 325 000 after providing for taxation and minority shareholders' interests. The results compared with 1975 were as follows:

	1976 R000's	1975 R000's
Profit before taxation	5 562	6 397
Less: Normal and deferred taxation	1 856	2 482
Profit after taxation	3 706	4 415
Less: Minority shareholders' interests	351	538
Profit available for distribution	3 355	3 878
Less: Preference dividend	55	55
Profit attributable to ordinary shareholders	3 270	3 821

By order of the Board

F. Kemp
Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshall Street,
Johannesburg 2001
(P.O. Box 61061 Marshalltown 2107)
South Africa.

Charter Consolidated Limited,
P.O. Box No. 102

APPOINTMENTS

W. Elliott heads Bass Charrington export company

Bass Charrington has formed BASS EXPORT to co-ordinate the export trade in beers, wines and spirits of the group, previously handled by a number of subsidiaries. Chairman of the new company is Mr. W. R. C. Elliott, with Mr. John Turner as managing director and Mr. D. I. Macleod, financial director. Its sales office will be in London.

* Mr. B. C. Johnston has become chairman of the newly formed management financial planning company, CHARTERHOUSE JAPNET FINANCIAL SERVICES. Mr. D. N. Healy and Mr. D. J. Davidge have been appointed directors.

* Mr. J. N. W. Dudley will be appointed managing director of Sterling Hydraulics and Sterling Dynamics and a director of Sterling Instruments. STERLING INDUSTRIES is the parent concern.

* Mr. Nigel Reynolds has been appointed managing director of P. P. PAYNE, a member of the Northern Group. For nearly 15 years a regional marketing director for associate company, Norprint, he succeeds Mr. Charles Speer, who becomes deputy chairman of P. P. Payne.

* Mr. E. G. Libby, a director of ROBERT KITCHEN TAYLOR AND CO., has become chairman of that company, succeeding Mr. W. S. Hershaw. Mr. D. E. Gourlay and Mr. T. E. Whinham have been made Cradle Runways. Both concerns are members of the OCS Group.

* Because of continuing ill-health, Mr. Hershaw resigned all his appointments in both companies and the Westminster Investment Group.

* Mr. John Watson has joined the Board of CRISTIE ELECTRONICS as chairman. He was chairman of Permal until its takeover last year by BTR industries.

* Mr. G. T. Cantley has been appointed chairman of UNITED CAPITALS INVESTMENT TRUST in succession to the late Lord Heseltine.

* Mr. M. S. Wilson, broker director of CHAMBRO LIFE ASSURANCE, has been appointed marketing director with responsibility for sub-broker and associate market. This follows the resignation of Mr. V. D. member of the Sears Engineering Group.

* Mr. P. Jacques has been appointed director of research and development and general works manager of PEGSON, a newly announced division of the Sears Engineering Group.

* Mr. Patrick Gallagher, managing secretary and has been appointed director of London Broadcasting Company, has been appointed chairman of the marketing committee of the ASSOCIATION OF INDEPENDENT RADIO CONTRACTORS.

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY

Société Nationale de Semouleries, Meuneries Fabriques de Pâtes alimentaires et couscousier.

INTERNATIONAL INVITATION
TO TENDER

A tender has been launched by S. N. SEMPAC for the setting up of a unit "Produit en main" (turnkey products) or "Process de Produit en main" (turnkey products processing) to manufacture and print:

— 264 million various sized cardboard boxes

— 287 million various small bags

— 50 million miscellaneous administrative printed forms.

The tender documents will be sent against payment of Dinars 200 to:

S. N. SEMPAC—Direction Générale

6, boulevard Zirout-Yousef (Algiers), Algeria.

Tenders should be sent by 30th April, 1977, at the latest. Tenderers are bound by their offers for a period of 180 days after the tender closing date.

APPOINTMENTS

Whatever your experience, you could be more successful in OP sales!

IBM's Office Products sales men and women come from many walks of life. But they all have certain things in common: a good education (many are graduates), record of achievement, a strong desire to learn, the intelligence to get to grips with and solve problems of business efficiency and the determination to succeed. If you're interested in a career in retailing—find out more about the opportunities in the City with the Office Products Division of IBM's General Business Group by writing to: Mr. J. A. Keir, IBM United Kingdom Limited, 28 The Quadrant, Richmond, Surrey, quoting ref: FT/1977.

ARLINE BROKER TO £5,000. City. Qualifications necessary but proven experience of European market essential. 01-637 0721 AT&T SELECTION

MOTOR CARS

Alfa Romeo
BURLINGTON CAMDEN
27 Camden Road,
London NW1 9NR
SALES: 01-485 9333/6
Spares & Service 01-485 8716/9

SAVAGE & HEATH (STERLING) COMPANY LIMITED

The above company is considering expanding its present operation by the formation of a local authority broking division.

Enquiries are invited from persons of suitable experience in this market, with a view to the possible establishment of just such a division.

Please write to Mr. John Welsh, Director, Savage & Heath (Sterling) Company Limited, Lee House, London Wall, London, EC2Y 5AU.

COMPANY NOTICES

UNILEVER LIMITED
NOTICE IS HEREBY GIVEN that consideration of transfers of Debenture Stocks of the Company will be suspended for one day only on Friday the 11th March, 1977.
J. D. KEIR,
Secretary.

Port Sunlight,
Wirral,
Cheshire,
B.R. February, 1977.

London Clearing Banks' balances

as at January 19, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1 and 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

Jan. 18, Change on
1977 month
£m. £m.

Eligible liabilities

U.K. banks

London clearing banks	20,342	-100
Scottish clearing banks	2,199	-14
Northern Ireland banks	668	+13
Accepting houses	1,750	-5
Other	5,609	-221

Overseas banks

American banks	3,285	-199
Japanese banks	237	-37
Other overseas banks	1,304	-16
Consortium banks	130	-14

Total eligible liabilities*	36,144	-732
-----------------------------------	--------	------

Reserve assets

U.K. banks

London clearing banks	2,815	+81
Scottish clearing banks	299	+2
Northern Ireland banks	95	+4
Accepting houses	267	+4
Other	863	+58

Overseas banks

American banks	482	+10
Japanese banks	42	-4
Other overseas banks	309	-13
Consortium banks	35	+4

Total reserve assets	5,219	+140
----------------------------	-------	------

Ratios %

U.K. banks

London clearing banks	13.8	+0.4
Scottish clearing banks	15.6	+0.2
Northern Ireland banks	14.2	+0.1
Accepting houses	15.3	+0.3
Other	13.4	+1.6

Overseas banks

American banks	15.0	+1.2
Japanese banks	13.1	+0.6
Other overseas banks	16.6	+0.4
Consortium banks	26.7	+5.4

Combined ratio	14.4	+0.6
----------------------	------	------

Constitution of total reserve assets

Balances with Bank of England	378	+53
-------------------------------------	-----	-----

Monies at call:

Discount market	2,001	+322
Other	282	+74

Tax reserve certificates

U.K., Northern Ireland Treasury Bills	1,318	-321
---	-------	------

Other bills:

Local authority	87	+16
Commercial	645	+5

British Government stocks with one year or less to final maturity

508	-9
-----	----

Other

Total reserve assets	5,219	+140
----------------------------	-------	------

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to

461	+130
-----	------

2—Finance houses

Eligible liabilities	314	-2
----------------------------	-----	----

Reserve assets

352	+0.5
-----	------

Ratio (%):

11.2	+0.2
------	------

Special deposits at January 19 were £1,082m. (down £740m.) for banks and £9m. (down £7m.) for finance houses. * Interest-bearing eligible liabilities were £25,002m. (down £429m.).

LEGAL NOTICES

No. 6029 of 1977

In the HIGH COURT OF JUSTICE

Chancery Division Companies Court. In the

Matter of CUNNINGHAM CAR REPAIRS

LIMITED and in the Matter of

THE COMMISSIONERS ACT, 1948.

NOTICE IS HEREBY GIVEN that a

Petition for the Winding-Up of the above-

named Company by the High Court of

Justice was on the 31st day of January,

1977, presented to the said Commissioners

of Customs and Excise of King's Beam House, 38-41

Mark Lane, London EC3R 7HE, and that

the said Petition is directed to be heard

before the Court sitting at the Royal

Court of Justice, Strand, London WC2A

1.L.L. on the 7th day of March 1977,

and any creditor or contributary of the

Company desirous to support or

oppose the said Petition requiring such

copy of the petition as may be required to be paid of the regulated charge for the same.

G. KIRKORIAN.

King's Beam House,

38-41 Mark Lane,

London EC3R 7HE.

Solicitor to the Petitioners.

NOTE.—Any person who intends to

appear on the hearing of the said Petition

must serve on, or send by post to, the

Petitioners, a copy of the notice of

intention so to do. The notice must state

the name and address of the person, or

if a firm, the name and address of the

firm, or his or her solicitor if any, and

must be served, or, if posted, must

be sent by post in sufficient time to

reach the said Petitioners not later than

PARLIAMENT



Ashley leads vaccine compensation demand



CLAIMS FOR vaccine-damaged children cannot be considered in isolation. Mr. David Ennals, Social Services Secretary, said in the Commons yesterday. He told MPs: "Vaccination gains greatly outweighed the risks."

Rejecting a call from Mr. Jack Ashley (Lab., Stoke S.) for an independent inquiry into the vaccine, Mr. Ennals said it would be wrong for him to preempt the report of the Royal Commission on Civil Liability and Compensation for Personal Injury, expected later this year.

No amount of money could put right the damage caused to children by whooping-cough vaccination. "What we can do is to ensure that the best medical help is given to the children and that their parents are helped to bear the additional burdens," he added.

Mr. Orme said that the row over alleged social security scroungers was deterring people, including the elderly, from claiming benefits to which they were entitled.

Urging people to come forward and claim their benefits, he said that £12m. worth of free milk was not claimed last year, as well as £1m. in family income supplement.

Mr. Orme was replying to Mr. Ivor Cleiton, (Lab. Luton E.), who urged his colleagues to ensure that people received their benefits.

Mr. Evelyn King (C. Dorset S.) said that in Dorset the amount of detected social security fraud had multiplied threefold.

Mr. Orme replied that an indication of the Government's determination not to allow people to abuse the system was that the Department had undertaken more prosecutions for fraud than ever before.

He added: "But in doing that, we must not deter millions of people who are genuinely entitled to benefits."

The question of whether it was better to work or receive tax-free benefits was raised by Mr. Ian Sproat, (C. Aberdeen S.). He called for legislation to tax benefits and make it impossible to earn more by not working than by working.

Mr. Orme revealed that his Department was studying Mr. Sproat's claims and he was hoping to make a statement about them in the near future.

He also told Mrs. Kiltie Rught, a Conservative spokesman on health and social security, that the Chancellor was already considering the issue of tax thresholds.

He was also considering what a special group of children, he

cause they are normal, healthy children before the injection is given.

"That is what differentiates them from other disabled children, particularly because the State recommends injection. Surely the State should share responsibility when things go wrong?" he argued, indicating that other European countries paid compensation.

Mr. Ennals replied that in many of the countries where compensation was paid, injection was compulsory, while in Britain, it was not.

He said it was not his last word on compensation, "I have a great deal of sympathy with the case put forward on behalf of these children."

Mr. Laurie Pavitt (Lab. Brent S.) backed the case for compensation, but said immunisation and vaccination had done more for the health of Britain than anything else in the Health Service.

Mr. Ennals agreed that there had been a big fall in whooping-cough cases from 90,000 cases and 85 deaths in 1956, to 4,000 cases and four deaths last year.

Mr. Stephen Ross (L. Isle of Wight) commented that the statement had the ring of the thalidomide case where, ultimately, compensation was paid, following a campaign by Mr. Ashley.

"Are you aware of the real heartbreak tragedies this vaccine has caused? It's time that a definite commitment was given to pay compensation," he told the Secretary of State.

Mr. Ashley added: "Your statement about improving procedures does nothing for the children blinded, deafened or paralysed by this vaccine."

Mr. Ennals replied that 22 independent experts on the independent joint committee on whooping cough vaccination and immunisation were unanimous in their conclusions. "A separate independent inquiry would not establish any evidence not already available to the joint committee."

Though he had sympathy for the case for compensation, he could not enter into any firm commitment before the Royal Commission report. Retrospective compensation was a question the Government would consider when the report was made, Mr. Ennals promised.

Dr. Gerard Vaughan, Opposition health spokesman, asked for an assurance that the risks of damage were reduced to the absolute minimum. The most up-to-date information on when not to vaccinate would be sent again to Mr. Ennals' last word on compensation. "These are a

NOTICE OF REDEMPTION To the Holders of

Government of New Zealand

Twenty Year 6½% Bonds due March 15, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on March 15, 1977 at 100% of the principal amount thereof through operation of the Sinking Fund, \$236,000 principal amount of said Twenty Year 6½% Bonds due March 15, 1986 bearing the following distinctive numbers:

56	1046	2441	3926	5322	6491	7024	7301	7858	8814	9319	9666	10568	11327	12129	13028	14388
71	1143	2560	3998	5520	6510	7039	7305	7977	8832	9308	10012	10573	11335	12161	13067	14504
164	1382	2780	4093	5569	6533	7058	7355	8013	8869	9426	10508	10604	11456	12181	13701	14514
224	1452	2850	4213	5634	6563	7105	7376	8065	8913	9458	10165	10915	11546	12564	13827	14599
324	1522	3034	4217	5702	6781	7085	7376	8065	8913	9458	10165	10915	11546	12564	13827	14599
556	1579	3062	4278	5713	6787	7128	7480	8068	8915	9527	10168	10939	11573	13352	13828	14504
592	1726	3228	4498	5981	6828	7124	7423	8315	9691	9681	10257	11016	11727	13504	14127	14616
724	1793	3238	4585	6131	6850	7165	7376	8056	9687	10325	11018	11976	13519	14128	14686	
893	1867	3471	4600	6138	6875	7194	7428	8065	9691	10443	11145	12105	13548	14127	14632	
903	1967	3758	4930	6448	6946	7235	7645	8062	9684	10446	11169	12127	13576	14126	14972	
1024	2158	3832	5182	6102	6471	7284	7698	8068	9616	10447	11169	12128	13574	14126	14970	

On March 15, 1977, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment therin of public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or at the option of the bearer but subject to any law and regulations applicable thereto in the country of any of the following offices, at the offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Frankfurt, London or Paris, or at the office of Baring Brothers & Co. Limited in London.

Bonds surrendered for redemption should have attached all non-interest coupons appertaining thereto. Coupons due March 15, 1977 should be detached and collected in the usual manner.

From and after March 15, 1977 interest shall cease to accrue on the Bonds herein designated for redemption.

GOVERNMENT OF NEW ZEALAND

February 9, 1977.

You could move into a new factory rent-free for two years

Facts about Advance Factories in the Areas for Expansion:

1. Two year rent-free period; option to purchase on favourable terms.
2. Rents are often lower in the Areas than elsewhere.
3. Units available from 2,500 sq ft to 50,000 sq ft (230-4650 sq metres).
4. Expansion potential of up to 300%.
5. Brand-new factories are available now in all Areas.

Callaghan orders alert for Tory traps

By IAN OWEN, PARLIAMENTARY STAFF

WITH THE Government ranks still smarting from the shock one-vote defeat on the Reduction of Redundancy Rebates Bill, sustained on Monday night, the Prime Minister called on Labour MPs in the Commons yesterday to be on the alert for more ambush attempts by the Opposition.

Mr. Ennals replied that in many of the countries where compensation was paid, injection was compulsory, while in Britain, it was not.

He said it was not his last word on compensation, "I have a great deal of sympathy with the case put forward on behalf of these children."

Mr. Laurie Pavitt (Lab. Brent S.) backed the case for compensation, but said immunisation and vaccination had done more for the health of Britain than anything else in the Health Service.

Mr. Ennals agreed that there had been a big fall in whooping-cough cases from 90,000 cases and 85 deaths in 1956, to 4,000 cases and four deaths last year.

Mr. Stephen Ross (L. Isle of Wight) commented that the statement had the ring of the thalidomide case where, ultimately, compensation was paid, following a campaign by Mr. Ashley.

"Are you aware of the real heartbreak tragedies this vaccine has caused? It's time that a definite commitment was given to pay compensation," he told the Secretary of State.

Mr. Ashley added: "Your statement about improving procedures does nothing for the children blinded, deafened or paralysed by this vaccine."

Mr. Ennals replied that 22 independent experts on the independent joint committee on whooping cough vaccination and immunisation were unanimous in their conclusions. "A separate independent inquiry would not establish any evidence not already available to the joint committee."

Though he had sympathy for the case for compensation, he could not enter into any firm commitment before the Royal Commission report. Retrospective compensation was a question the Government would consider when the report was made, Mr. Ennals promised.

Dr. Gerard Vaughan, Opposition health spokesman, asked for an assurance that the risks of damage were reduced to the absolute minimum. The most up-to-date information on when not to vaccinate would be sent again to Mr. Ennals' last word on compensation. "These are a

More time needed for nuclear power decisions—Benn

By JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CRITICS OF Britain's nuclear £75m. for BNFL and £5m. for TRL. The Bill would allow the limit for BNFL to go to £200m. dismissed as "cranks or subversives". Mr. Anthony Wedgwood or up to £500m. if an Order was passed, Benn, Energy Secretary, told the House in the Commons yesterday when he introduced a Private Member's Bill to emphasise that the Government intended more time to consider the key decisions affecting the future of the industry.

In addition, the Bill enables the Government to guarantee the return of any advance payments made by the Japanese to British Nuclear Fuels towards the building of the disposal facility at Windscale. The Environment Secretary (Mr. Shore) has said with a dossier giving details of security firms employing people with criminal records, declared:

"In my mind, certain crimes really should be incompatible with membership of a security company guarding people's lives and property."

Mr. Benn did not specify those he had in mind but his remark was an obvious reference to fears expressed about the proposal to build an oxide disposal facility at Windscale to process nuclear waste and hostility over plans to produce fast breeder reactors.

The Prime Minister seemed somewhat inhibited in pointing to the conclusions to be drawn from Monday's humiliating events. Mr. Robin Maxwell-Hyslop (C. Tiverton) acidly enquired: "Why did you secure the defeat of your own Government by not voting last night?"

Any Minister in any Government has the responsibility of reaching these decisions must satisfy himself and the House that all these considerations have been properly looked at before decisions are made. These are very complex and difficult questions.

Mr. Callaghan explained that he had understood that he was paired with a Conservative MP although the Government Whips had had some difficulty in obtaining pairs for some Labour members who had been unable to attend through sickness.

But, he insisted, there was a lesson for all Labour MPs: "If the Opposition is setting a trap, perhaps we had better be a little more careful in the future than we have been in the past."

Mr. Benn said he could not go further than his original statement and ask MPs to await the report of the Royal Commission.

Mr. Eddie Layton (Lab. Garston) feared that delay and procrastination on the compensation issue would lead to a loss of confidence in vaccination and Mr. Lewis Carter-Jones (Lab. Eccles) said the decrease in the number of people being immunised was frightening.

Mr. Ennals doubted whether a guarantee of compensation would affect the judgment of parents. But there was a real danger that polio, diphtheria and whooping cough would reappear if the fall-off in vaccination continued or progressively increased.

Mr. Callaghan brusquely told Mr. Lee that there was no direct connection between the devolution Bill and the Guillotine if it allows the European elections Bill to come in," he said.

Mr. Lee made clear that he would be happy to see the devolution legislation occupying virtually the whole of the remaining life of the present Parliament.

Mr. Callaghan, having said he did not intend to comment each day on the startling revelations being serialised from Mr. Haines' book by the Daily Mirror, rushed out another statement accusing his former aide of inaccuracy.

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This time, Mr. Callaghan declared that he knew nothing of Mr. Haines' assertion that a Conservative MP, Captain Henry Kerby, had offered to supply Tory Party secrets in return for a peerage or knighthood.

Sir Harold added that he was issuing the detail in fairness to the memory of Captain Kerby and to the feelings of his family and associates. Captain Kerby was MP for the safe Conservative seat of Arundel and Shoreham.

The Prime Minister replied: "I would no more welcome or condemn them than you would welcome or condemn the supporters of fascism for the Conservative Party."

Backed by Tory cheers, the Opposition leader countered: "I completely condemn fascism anywhere. Will you similarly condemn Marxism?"

Mr. Callaghan said he did not discourage the discussion of philosophical ideas which might help to shape society. Mrs. Thatcher had failed to recognise that to discuss views did not mean a commitment to support them.

Mr. Ennals said it was remarkable that the firm now recognises that the reorganisation had been a disaster. Everyone was suffering from what the Tories had imposed. He had not heard anyone defend Sir Keith Joseph, former Social Services Secretary, who "had been responsible."

Mr. Ennals added: "The time may come when a further change will have to be made but it would be very unwise for any Secretary of State to throw the Health Service into some new traumatic reorganisation."

A BILL to provide for direct elections to the European Parliament was introduced by the Liberals in the Lords yesterday.

The measure, which amends the 1949 Representation of the People Act, was given an unopposed first reading.

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<p

The Management Page

Kenneth Gooding describes how a small fork lift truck manufacturer entered an expansionary phase and concentrated on marketing

A change of industrial strategy at Matbro

THE RUMBLING of major structural change can be clearly heard from the U.K. part of the industry. Taking its cue from the National Economic Development Office's industrial strategy report, the industry has been reshaping itself. This was necessary if Britain was to have the kind of companies which could compete effectively with the production and marketing muscle of the multi-national groups—or so the working party insists.

But not all the British-owned companies will be involved in this exercise which therefore makes it reasonable to ask what is in store for those left on the sidelines.

One company apparently cast in this role is Matbro, a concern whose success seems to stem from its willingness to remain a relatively small-scale business and to provide the kind of equipment which does not command a big enough sales volume to interest the multi-nationals.

Privately owned

While it is content to carry on in this way, there is no reason to suppose that Matbro will not only survive but will also thrive. The company seems to have reached the stage, however, where it has to decide whether it should keep "small & beautiful" as its motto.

Matbro is unlikely to get involved in the industry restructuring, not because of any particular deficiency in product or

management, but simply because it is privately owned and by conventional means but by pivoting the chassis, the relative axis positions being shafted by hydraulic rams.

In this way the driven front wheels of a four-wheel drive machine are fixed in relation to the drive axles, thus avoiding the cost and problems of steering driving wheels and greatly increasing manoeuvrability.

Pivot-steer was patented and proved so effective that multinational operators like International Harvester, General Motors, and Volvo were prepared to pay Mr. Mathew royalties for its use.

Ironically, the amount of time Mr. Mathew has spent defending his patents around the world has contributed to the lack of growth shown by Matbro over the years. There

have been other factors, too. For example, Mr. Mathew's extreme financial conservatism—Matbro still has, with one major exception, no borrowings—and also his unwillingness to extend himself in other ways. There has been no heavy spending on sales and marketing.

Mr. Mathew's justification lies in the fact that Matbro has survived in an industry which is not particularly noted for its stability and where competition, spearheaded by the international companies, can be extremely fierce. Matbro has always made profits, ranging from £30,000 to £200,000 annually.

But three years ago Matbro changed its philosophy. The patents which had been producing a steady flow of licence fees were running out. Mr. Mathew also became convinced that there were no more startling innovations to be made in industrial truck or wheeled loader design and that future changes would be developments of existing technology. There was little likelihood of his coming up with the kind of ideas which produced a steady flow of licence income in the past.

So Matbro began to concentrate more on marketing rather than innovation.

The company also borrowed heavily for the first time, raising £1m. from its bankers, Barclays, to buy the Bray construction equipment concern from Sheepbridge Engineering. The time had come for Matbro either to stop making wheeled loaders or to invest substantially to increase its market presence. The effect of all these changes can be judged by the statistics. Against the general background of slide into recession and at a time when U.K. industrial truck sales were shrinking by 40 to 50 per cent., the combined turnover of Matbro and Bray rose from £1m. in 1974, to £2m. last year and Mr. Mathew has



Mr. Len Mathew, founder of Matbro, aboard one of his company's forklift trucks.

set a target of £15m. for 1977, because he has insisted on following a "commonality of parts" policy. Some 75 per cent of the components used in Matbro and Bray machines are common to them all.

Of course, Matbro makes better margins of profit on those items of equipment where it has some technical edge. In this category comes the "Swing-lift" truck. This has a mast which slew through 90 degrees and allows long loads to be transported along aisles much smaller than the load length and through doorways only inches wider than the truck. It is unique to Matbro.

Unlike many entrepreneurs, Mr. Mathew has not neglected to establish a proper management structure at Matbro. When he was away ill for a year his deputy managing director ran Matbro smoothly while his son continued to operate the Bray division.

The joint capacity at Matbro and Bray is £20m. a year at current prices so there is plenty of room left for growth. There is also much more to be done to improve the export figures of the special equipment it can offer.

However, it faces a tough fight, not only from the multi-national groups which will want to get involved in any product area that becomes big enough and profitable enough, but also from its U.K. rivals.

To-day Matbro wins a lot of business on price, as well as for technical reasons. Mr. Mathew looks for at least a 10 per cent profit on turnover but similar reshaping of the construction equipment business in

NEARLY THREE of the six among the major accounting firms. As one senior partner of the proposed new inflation accounting system has passed at Morpeth the less of it we should be dealt with in arriving at the net profit for the year.

Mr. Bryan Blackburn, a partner in Deloitte's, is one year account who finds ED 18 too complicated. Lease accounting and goodwill are two of the areas which he would like to see left out of the CCA standard, reflected in the profit and loss account itself if a true and fair view of the results is to be given.

Some of the matters put forward as criteria to be borne in mind by directors in deciding on apportionments should be reflected in the profit and loss account itself if a true and fair view of the results is to be given.

Strong views are also held at Whinney Murray, although the firm stresses that it has not developed a final reaction to the existing historic cost system. The problem appears to stem from exposure draft 18 (ED18)—the document containing the Morpeth group's CCA proposals—and not from the principle of CCA itself. ED18 is a complex and difficult document which sets out to re-write almost every accounting rule in CCA terms.

The main question now is whether the initial CCA standard should follow ED 18, or whether it should be limited, at least initially, to the main adjustments on depreciation, the cost of sales, stock and unexpired assets which form the essential basis of CCA. One argument is that it might be better to implement these CCA adjustments on which there is general agreement, and deal with all the other controversial aspects of ED 18 in separate exposure drafts, and eventually in standards.

partner, finds that ED 18 contains "many anomalies, inconsistencies and impracticalities, and gives the impression of having been inadequately researched." He argues that a way of implementing CCA is urgently needed, but states that the urgency must be balanced against the requirement that the solution be "fair, practicable and objectively verifiable."

"We believe that the steering group should have concentrated on the cost of sales adjustment, on the depreciation charge and an adjustment for the maintenance of monetary working capital. The introduction of these guidelines for calculating the transfer to or from the valuation reserve firmed up. He also thinks that companies will have to explain much more to shareholders the reasons for retaining funds surplus to those required to maintain operating capacity.

Finally, Mr. Donal Carroll, chairman of P. J. Carroll, the company which has been using CCA-type accounting for over two years, says: "It's only in the past six months that we have started to feel comfortable with it." In his view the figure for distributable profit is the real profit for the year, and for this reason he wants to see the adjustments should be confined initially to the profit and loss account.

On the other hand, Mr. Graham Stacey, Price Waterhouse's technical partner, would also like to see considerable simplification of ED 18. Controversial matters such as deferred tax, leasing, and goodwill should be dealt with separately. "We should concentrate on current cost profit fit. There is too much emphasis on the balance-sheet in ED 18," he declares. He keted profitably in this country, thinks that indices should be giving significant new employment and in which we might invest either on our own or in other joint ventures with other partners.

Coopers and Lybrand's senior partner, Mr. David Hobson, strongly supports the main holders in his chairman's statement of principle of CCA. But he thinks

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Morpeth critics want simplicity

BY MICHAEL LAFFERTY

NEARLY THREE of the six among the major accounting firms. As one senior partner of the proposed new inflation accounting system has passed at Morpeth the less of it we should be dealt with in arriving at the net profit for the year.

Mr. Bryan Blackburn, a partner in Deloitte's, is one year account who finds ED 18 too complicated. Lease accounting and goodwill are two of the areas which he would like to see left out of the CCA standard, reflected in the profit and loss account itself if a true and fair view of the results is to be given.

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Many people think that Morpeth's proposals on inflation accounting are too complex and that a more simplified approach should now be adopted.

The main question now is whether the initial CCA standard should follow ED 18, or whether it should be limited, at least initially, to the main adjustments on depreciation, the cost of sales, stock and unexpired assets which form the essential basis of CCA. One argument is that it might be better to implement these CCA adjustments on which there is general agreement, and deal with all the other controversial aspects of ED 18 in separate exposure drafts, and eventually in standards.

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WEDNESDAY, FEBRUARY 9, 1977

Warnings from the shop floor

IN THE PAST few days a down with the smooth adjustment which the Treasury sought—but should subsequently slow down sooner than would otherwise have been likely; the overuse of the Price Code, which is still working through to retail prices; and recently a new acceleration in many commodity prices. The result is that real gross pay has been falling quite rapidly in recent weeks—faster than at any earlier stage of restraint.

This is of course a long-delayed response to the fall in real national income which was evident nearly three years ago—an adjustment which has already been suffered acutely by the middle classes and quite painfully by the skilled, but is only now seriously affecting the great mass at and below average pay rates. A particularly unfortunate result of this agonisingly slow response to reality is that real wages are falling just as profits, measured by the unrealistic historic-cost method, appear to be rising very fast; and this is certainly a second important argument available to the militants.

Finally, the compression of differentials which has already resulted from the first two stages of restraint is rousing revolt among the skilled workers who are still often in short supply even as unemployment continues to rise. It is going to be especially hard to meet their legitimate claims without putting further strain on the whole policy.

More favourable

Both the tragedy and the hope in the present situation lies in the fact that if one more round of effective restraint can be achieved, inflation could, with only moderate luck, be reduced quite drastically by the early months of 1978, so that that year will be a far more favourable one in which to attempt the dangerous re-entry into a proper market for labour.

Besides its powers of persuasion, the Government has one card in the crucial stage ahead: some scope for cutting taxes, which inflation at the worst possible time—in the run up to the spring negotiations. The causes control of public spending in are well known—the collapse of money terms—including public sterling last summer, which has sector pay. It is doubly true this ensured that prices will rise year that restraint must begin sooner than they would have in Whitehall.

European growing pains

By GUY DE JONQUIERES in Brussels

Zurich IE UNCOMFORTABLE realisation is dawning on Governments of the Nine, only six months after they reluctantly agreed to open formal negotiations with Greece on its entry to the EEC, that they may soon have to deal with an application for membership from Portugal. A formal response may come after the Portuguese Prime Minister, Dr. Mário Soares, has completed his planned tour of European capitals to make his case to national leaders.

It is an open secret that some in them hope that the application will come later rather than sooner. Dr. Soares' first port of call will be London next Monday and Tuesday.

It is generally recognised that the principal Portuguese motive is political. After its prolonged period of isolation, Dr. Soares and his colleagues are eager to lead their country back into the mainstream of modern Europe and hope thereby to underwrite its infant democracy against the risk of being undermined from Right or Left.

Officially, all Nine acknowledge this to be a legitimate objective and one which they see as a moral obligation to assist in attaining—not least because they fear that a rebuff could undermine Portuguese domestic political balance. In the words of Herr Hans-Dietrich Genscher, the German Foreign Minister, "the Nine must honour Portugal's European option, enshrined in Article 237 of the Rome Treaty, which permits any European country to apply for membership."

No one has been more vocal in support of Portugal's case than the British Foreign Sec-

retary, Mr. Anthony Crosland. In his keynote speech as incoming president of the Council of Ministers in January he admitted that enlargement would confront the Community with major practical problems, but concluded that it was an investment in the democratic future of Europe whose long-term benefits would far outweigh the costs.

Mr. Crosland

Mr. Crosland's reasons are not entirely clear, though they probably stem from concern about cementing Portugal's place within the broader framework of the Atlantic Alliance as well as from a fraternal feeling towards other European Social Democratic Governments. More cynical observers suggest that it may also reflect the appeal to the Foreign Office of any action which could bring the EEC's Common Agricultural Policy to its knees.

Other Governments, however, are less sure. The Belgians and Dutch fear that it will be even more difficult to reach decisions in an enlarged Community and insist that before contemplating new admissions the Nine should take urgent steps to put their own house in order. One proposal they favour is that the unanimity rule in the Council should be relaxed to allow more decisions to be taken by a "qualified majority," without any one country being able to apply the veto.

France, which has never been as enthusiastic about Portugal's admission as it has been about that of Greece, has preferred to focus on the economic obstacles. It argues that Portugal is not yet ready to join and will need

many years to build up an industrial base capable of withstanding competition within an industrial common market, even though it has not been invited with the benefit of development assistance from the EEC and elsewhere. Ireland, the poorest member of the Community at present, also takes a dim view of enlargement; it fears that it stands to lose most from the admission of even poorer members, with which it will have to compete for the limited EEC financial resources.

The Portuguese themselves admit that integrating their economy into the Community will be no easy task. They have suggested informally that they will need a lengthy 15-year transition period after entry to come up to speed—three times longer than that proposed by the Treaty of Rome provides for no formal link other than association or full membership.

With these considerations in mind, the Belgian Foreign Minister, M. René van Elslande, recently proposed that the Community consider devising some new form of link with Portugal, failing somewhere between full membership and the association agreements at present existing with Greece and Turkey.

One possibility, he said, would be to include Portugal in the political co-operation sessions at which EEC Ministers discuss ways ofconcerting their foreign policies without attempting to reach Community decisions. application which Spain seems

likely to submit in early summer, soon after its national elections.

Though less problematic in certain respects than those of Greece or Portugal, Spain's prospective application seems certain to throw into even sharper relief many of the still unanswered questions about how an enlarged Community will operate. With a population of roughly 35m, twice that of the two smaller countries combined, and a gross domestic product of more than \$85bn, the eighth largest in the industrialised world, the impact of its entry will be felt more immediately and more profoundly.

Alternately, Portugal might be offered a "pre-membership" status with a firm commitment to full membership after a specified period. That was recommended a year ago for Greece, but later overruled by the Council of Ministers under Product of \$1.517 in 1974, only one-third of the EEC average of \$4.550. Moreover, the gap has almost certainly widened during the past two years. The Nine are acutely aware of the problem that this discrepancy will pose.

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Three Premiers on the Community doorstep. From left to right: Saenz of Spain, Karamanlis of Greece, and Soares of Portugal

shoulder the costs.

All three potential new entrants are likely to have difficulty coping with imports from the developing world which enter the EEC on preferential terms under its elaborate system of external commercial agreements.

But at the European Commission, which will have to prepare an opinion on Portugal's application before it is considered by the Council of Ministers, this idea has been greeted with some scepticism. It is felt that anything less than the promise of full membership would disappoint Portugal's political requirements and could result in an awkwardly ambiguous working relationship.

Another problem is that the Treaty of Rome provides for no formal link other than association or full membership.

Many people in Brussels frankly doubt whether the Common Agricultural Policy,

already creaking, can withstand the effect of Spain's entry, unless it is radically modified in ways which will displease other EEC farmers. Spain is a major producer of wine and horticultural products, of which the EEC already suffers a glut, and its citrus will provide unwelcome competition for Italian farmers.

Though industrially more advanced than either Greece or Portugal, Spain will not doubt just as vociferously seek a transfer of resources from the richer members to speed its economic development. But the EEC Regional and Social Funds and the guidance section of the Farm Fund are inadequate even for the needs of the existing Community. Without a substantial increase of the available resources the divergent economic trends threatening to divide the EEC into two camps will be aggravated. But Germany, while enthusiastically supporting the principle of enlargement, has given no sign that it is ready to seek solutions to any of the broader problems posed by the start of the Greek negotiations. Though there has been an improvement of late, Government is clearly worried evidently, once Greece is admitted it will be difficult for down once the EEC starts to undertake. That may be a rather optimistic ambition. But it seems clear that enlargement will introduce far-reaching changes into the Community. If Governments are to control that change rather than react to it, they must soon begin a serious examination of the likely consequences.

Politically, the EEC has yet to assess the implications of Greek membership for its external languages rather than six.

Spain

No attempt has been made so far to seek solutions to any of the broader problems posed by the start of the Greek negotiations. Though there has been an improvement of late, Government is clearly worried evidently, once Greece is admitted it will be difficult for down once the EEC starts to undertake. That may be a rather optimistic ambition. But it seems clear that enlargement will introduce far-reaching changes into the Community. If Governments are to control that change rather than react to it, they must soon begin a serious examination of the likely consequences.

To-day's Events

GENERAL
The Queen and Duke of Edinburgh leave this evening for Silver Jubilee tour of Western Samoa, Tonga, Fiji, New Zealand, Australia and Papua New Guinea.

Treasury issues figures of Central Government financial transactions, including borrowing requirement, for January.

TUC Economic Committee meets.

European Court of Human Rights, Strasbourg, ends its session of allegations by Ireland of security to IRA prisoners by

Mr. John Silkin, Minister of Agriculture, visits North Sea fishing grounds on frigate HMS Cleopatra.

Mr. William Whitelaw, deputy leader of Opposition, addresses Woking Conservative women's conference.

PARLIAMENTARY BUSINESS

House of Commons: Debates on child benefit scheme and on issue of 714 Certificates for self-employed. Proceedings on Rent Control Amendment Bill.

Two-day meeting of Organisation for Economic Co-operation and Development ends. Paris.

House of Lords: Debate on Capital Employment Policy Committee meets.

Financial Times two-day World Banking conference ends, London Hilton, W.I.

Prime Minister opens "Sound-barrier" conference on deafness, Grosvenor House, W.I.

Board. Witnesses: The Board Secretary, speaks at U.S. Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Mr. Roy Hattersley, Prices Secretary, speaks at U.S. Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Exhibitions

Pompeii AD 79 Exhibition, Royal Academy of Arts, Burlington House, Piccadilly, W.1 (until March 13).

Products chosen as souvenirs of Silver Jubilee. Venues: Design Centre, 28, Haymarket, S.W.1, and Scottish Design Centre, 72, St. Vincent Street, Glasgow, G2 (until March 5).

OFFICIAL STATISTICS

Housing starts, completions and grants (December). Slum clearance (4th quarter).

COMPANY MEETINGS

Trust Houses Forte (full year).

PARLIAMENTARY BUSINESS

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OPERA

English National Opera production of The Royal Hunt of the Sun, Coliseum Theatre, W.C.2, 7.30 p.m.

SOCIETY

Soccer: England v. Netherlands, Wembley.

Wembly.

Republic of Ireland v. Spain, Dublin.

Scotland v. Wales, Under-21, Edinburgh.

Albert Museum, Exhibition Road, S.W.1 (until April 31).

"Unofficial" art from Soviet Union, ICA Galleries, The Mall, S.W.1 (until February 27).

SCOTTISH

Football: England v. Netherlands, Wembley.

Wembly.

Spain, Dublin.

Scotland v. Wales, Under-21, Edinburgh.

Squash: British amateur closed championships, Wimbledon.

Snooker: Benson & Hedges tournament, Stratford, E.15.

THEATRE

Revival of Sean O'Casey's The Silver Tassie, Theatre Royal, Stratford, E.15.

Shareholders: Saudi Arabian Monetary Agency, National Commercial Bank (Saudi Arabia), Riyad Bank, Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, National Westminster Bank and Union Bank of Switzerland.

Letters to the Editor

Effects of Bullock
The Chairman, The Photographic Society.

Sir.—The problem upon reading the Bullock report is to avoid becoming incoherent with frustration, as the only true way to deal with it is to write one of equal length and deal with it item by item. This is impractical, however, and I therefore choose to deal with one fundamental issue, the consequences of which seem to have been ignored. What is the effect of imposing this particular mathematical formula on highly successful companies? I would like to take my own as an example. In 29 years we have gone from a staff of two to nearly 600. We are a multi-national company which contributed substantially to the economic objectives of this country. We have always enjoyed excellent industrial relations and have never lost a day's output through strikes. We have, and are developing further, very progressive joint consultative committees. Our directors are full-time executives with the exception of the president (who only attends Board meetings). In our investment decisions we have always applied the maximum resources available. Our dividend policy has been modest to the point of criticism.

Our board numbers 13, each managing director of a subsidiary, or heading a group division. I don't know how many of the majority report members of the Bullock Committee have attended a commercial board meeting. I can assure them that dividends and redundancy payments are rare and insignificant features of our discussions. Time spent in our meetings is on the fifty per cent of running the business and on the complex inter-involvement of management decisions—buying, advertising, planning, selling. In all these matters individual members have consulted consistently with their own teams, and the group as a whole is intensely concentrated and professional. We all work absurdly long hours. With the exception of myself and two or three directors, the majority of the board are not substantial shareholders, but notwithstanding, they identify themselves completely with the company, and we do not draw any distinction between the company and its employees.

We are an integrated group which does not seek conflicts, and here they are present because of the fundamental philosophy of capitalism, we seek by practical means to reduce the problems. Of all the grades it is minor management who have suffered the most financially over the last few years. This is a well known fact; the details do not have to be gone into. If it were only alone, my Board would have been on strike a long time ago. Their motivations for work is involvement as personal to them, but one would assume that a major part of that attitude is based on pride and the exercise of authority, with the ability to get things done and influence affairs—characteristics common to both politicians, trade unionists and most developed individuals.

We are committed to the idea of extending participation and could indeed welcome representation on our Board through a joint consultative committee which is working towards these ends. Thus can it seriously be argued to remove several of our directors and replace them with our employees without experience (notwithstanding the one-year overlap period) and three outsiders? Where are these outsiders coming from? How do

we find them? By advertisement? How can they be expected to make a contribution which is superior to that which exists? Will they serve an approval period? Our Board is not a balancing act. Consensus is reached, not by dogma, but by intellectual argument. Nobody represents anything other than the search for the best path. What are the seven directors who go from the Board going to do? Without their motivation can one really expect their performance to be equal?

Industrial democracy

From Mr. R. St. Sim.

Sir.—The Bullock Report takes 166 pages to explain why a particular solution to industrial democracy is favoured by a majority of that committee. What it fails to do is to highlight in simple terms what is being recommended. Can I try to do that?

The main point at issue is a simple one—who is to control British industry, trade unions or managers? The Bullock proposals make trade union control an absolute certainty. Let me explain (page 103 of the report):

In a company with under 10,000 employees it is recommended that there should be 11 directors (four union, four shareholders and three others). If the agreement cannot be reached then the three others are then the Industrial Democracy Committee will nominate them. The only logical outcome is a compromise, with one seat going to each of the two sectional interests and the third going to a Left-wing candidate when Labour is in power and the Conservative opposite. It is obvious therefore that under a Labour Government the Board will be given six trade union seats which will ensure effective trade union control of that company.

The alternative is equally obvious. If it is considered that Board level involvement by employees is undesirable, but that trade union control is not good, then there is only one solution—to leave managers, that is, directors, in charge. Employed representatives are, of course, then in the minority—with say, one-third of the Board seats.

What is needed is a substantial change in attitude on the part of the workforce and this is not going to be achieved—as many right wing economists like to imagine—by their relinquishing the power they have already gained through the unions. It can only be gained through assuming the responsibility that goes with the power they have already got. And that is what Bullock proposes.

It is absurd to say that Bullock is offering them power without responsibility, since that is precisely what they have at the moment. It is absurd to recommend that workers' directors should be in a minority on the Board, since if they are in a minority, there will be no need for them to change their currently negative attitude to the need for profitability. The most doubtful part of Bullock's argument is the "2X + Y" formula is going to be statutorily imposed on all large firms, when Bullock is clear that a

From Mr. W. Allenby.

Sir.—Even the most unlikely will be believed if it is repeated often enough. Open any paper and you will find reference to the German system of shareholder/employee parity on the Boards of companies employing more than 2,000. Even the front page of the Financial Times fell into the trap on February 1.

Fatigue failures arising from vibrations are perhaps the main cause of the development problem and the difficulty (impossibility) of predicting the incidence of high strain low cycle fatigue is well known. Fatigue problems may and do occur at any stage in the life of a generating plant.

In these circumstances to ask a manufacturer to be responsible for consequential damages on a new larger size of generating plant (a size dictated by the customer) which must involve unknown risks and which he has

no possibility of testing in his own factory seems a slow but sure way of killing off an industry.

R. R. Whyte.

Liskeen, Bentwick Road,

Altringham, Cheshire.

The international bank with special expertise in Saudi Arabia

Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED
99 Bishopsgate, London EC2M 3TB.
Telephone: London (01) 638 2323. Telex: 8812261/2.

Share

Peak £0.93m. from Mann & Overton

AFTER being up from £174,000 to £196,000 at half-time, profits profit of £161,266 to a record £227,373 for the year ended October 31, 1976. A significant improvement had been forecast.

Tax rates £467,033, compared with £289,696, and £864,336 with £131,450, is transferred to reserves.

Dividend total is up from 3.1p to 3.4p per 25p share with a final of 2.385p net.

The company operates as London taxi cab specialists and motor engineers, and has interests in different states of the U.S.A.

The first half attributable balance after an extraordinary loss of £102,000 (£14,000) of investment in Melford Garage Ltd., came out lower at £133,000 (£161,000). At the end of 1976 the company sold its interest in Melford and the loss result from this sale of about £50,000 will be written off against second six months' profit, HP and finance.

Turnover at £74.3m. (£4.5m.) but this was influenced by delivery dates of individual contracts.

It is the Board's intention to continue giving their estimate of the year's results when it announces the interim dividend in April. Last year the interim dividend per 50p share was 1.625p net and total for the year was 5.08.

Paid from profit of £1,941,000.

Turnover 1976-77 £152.1m. (£10.1m.)

Trading profit £864,336 (£131,450)

Interest payable £161,266 (£289,696)

Net profit £227,373 (£174,000)

Dividends 3.4p (£3.1p)

Attributable £864,336 (£131,450)

Retained profit £161,266 (£289,696)

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Record £129.5m. from Imperial Group

BOARD MEETINGS

On a 21.8 per cent. increase in sales to £2.87bn., pre-tax profit of Imperial Group rose from £108.5m. to a record £129.5m. for the year to October 31, 1976.

The directors report that the group's performance in the opening months of the current year shows some advance over the comparable period in 1976. The Board has expressed its confidence in the long-term by providing for new capital investment in excess of £20m. this year, they add.

Excluding extraordinary items, earnings per 25p share improved from 7.5p to 8.2p—the final dividend of 3.81p lifts the net total from 4.605p to 5.068p, the maximum permitted, and absorbs £5.75m. (£32.55m.). In the first half pre-tax profits rose by £1.2m. to £25.1m., say the directors.

Mr. P. J. Pike, chairman, then said that subject to unpressed developments, earnings for the second six months should be no less than for the same period in 1975; and results for the year should show "a useful advance."

1975-76 1976-77

External sales £1,886,229 £2,870,744

Depreciation 39,883 29,441

Trading surplus 131,375 158,873

Interest payable 15,009 20,131

Gross income 15,789 14,381

Profit before tax 41,713 57,265

Deferred tax 20,821 38,809

Minority interests 6,267 185

Retained earnings 13,863 37,583

Dividend credit 13,863 37,583

(Includes effect of relief on increases in taxation and deferred tax.)

£ also for 1974 (£31.2m.).

£10.5m. were also amounted to 1975.

£ includes gain on the sale of part of the group's interest in British-American Tobacco Co. Ltd. and the sale of its shares in the disposal of the holding in Tobacco Securities Trust Company resulting from the formation of

An analysis of sales (excluding VAT) and pre-tax profits show:

1975 (£ millions): Tobacco £1,654.7

and £80.1 (£1,400.9 and £78.8)

distributive trade £265.5 and £1

(£210.0 and £26.1); paper, board,

packaging and plastics £139.9 and

£13.8 (£103.3 and £13.1);

brewery £368.3 and £50.9 (£282.2 and £28.7).

A geographical analysis of sales and trading surplus shows:

1975 (£ millions): Europe excluding

UK £117.7 and £8.8 (£83.1 and £1.6); U.S. £165.7 and £7.9 (£99.5 and £6.9); Canada £21 and £1.7 (£15.1 and £1.4); Australia £18.4 and £0.2 (£7.1 and nil);

Other £15.4 and £1.7 (£11.4 and £1.7).

During the year the aggregate value of goods exported increased

the tobacco division were lower as a result of a change in the system of tobacco tax. On the other hand, dividends actually paid during the year increased, due to the payment of the interim dividend of £1.00 per share by the end of October 1976 compared with early November in the previous year.

The net benefit of these and other factors would in themselves have been insufficient to offset the pressures of inflation and the reduction in bank borrowings referred to continuing stringent control over all operating capital, the directors state.

The 1976 balance sheet provides for only the proposed final dividend whereas in 1975 provision also had to be made for the interim.

If the proposed final dividend is approved, profit retained (excluding extraordinary items) will amount to £22.9m. (£20.1m.)—this should be viewed in conjunction with the further need to provision out of profit for deferred tax, the directors say.

On current cost accounting the directors say that estimates of additional depreciation and the cost of sales adjustment are about £25m. and £25m. respectively. These two items should be deducted from the group's historical trading surplus of £151m. to arrive at an approximate current cost trading surplus, plus members are told.

Fixed capital investment in 1976 amounted to £25.6m. after allowing for grants and sales at cost or valuation. The market value of listed investment held at year-end was £10.5m. or 73.8 per cent. more than the value of listed investments held a year earlier. The market value of all listed investments held on February 1, 1977, was £285.2m.

At year-end cash and bank balances stood at £10m. (£6.8m.). Behind the switch to a four-day week at the Ipswich cigar factory is an 18 per cent. drop last year in the miniature cigar sector, coupled with a compounding slide in the group's market share.

Tobacco division chairman Mr. Tony Garrett said this could have been caused partly by the reduction of advertising support as the company will continue to expand our share of the king size market," said Mr. Garrett. "It will be expensive, but if you want to succeed you have to pay out."

See Lex

Building societies agree more aid

By Michael Cassell, Building Correspondent

BUILDING societies have agreed more formal arrangements with the Government for helping house buyers who can no longer obtain mortgages from local authorities because of public expenditure reducti-

Yesteray, Mr. Peter Shore, Secretary for the Environment, said in a written reply that arrangements for the societies to help people referred to them by local authorities would continue. Finance would now also be available for improvement work as well as house purchase he said.

Under the new combined lending scheme—which involves a mix of public and building society funds on an authority-by-authority basis—the English authorities will receive mortgage allocations in 1977-78 totalling £273m., of which £157m. is expected to come from the societies. This will maintain lending at about the same level as in the current year, although the public sector contribution is roughly halved. Separate arrangements are being made for Scotland and Wales.

The Building Societies Association last night emphasised that although there had been criticism of the extent of building society aid, many people who might normally have gone to a local authority for a mortgage had received building society help.

SNOW REPORTS

Depth State (cm.) of Weather L U Pne —
Aldershot ... 50 70 Good Rain 5
Cloud on lower slopes. —
Arts ... 113 125 Good Snow -2
Bad light and some wind. —
Flens ... 35 100 Good Cloud 4
Lower slopes shaly or bare. —
Grindelwald ... 14 78 Fair Fohn 3
Wet snow below 1,000 m. —
Isels ... 33 338 Fair Cloud 4
Some icy patches. —
La Plagne ... 150 228 Good Snow 0
Good pista skinning. —
Mieders ... 40 100 Worst Rain 2
Snow on most slopes. —
S. Anton ... 90 200 Fair Rain 3
Snow on lower slopes. —
Sankt Gilgen ... 200 317 Good Fine 4
Good skinning on upper slopes. —
Temes ... 140 230 Good Snow -1
Available danger. —

Above reports supplied by representatives of the Ski Club of Great Britain.

Depth State (cm.) of Weather L U Pne —
GERMANY ... — — —
Achenbach ... 30 30 Fair Cloud 5
Mittenwald ... 30 30 Fair Snow 2
Oberammergau ... 30 30 Poor —

SWITZERLAND ... — — —
Adelboden ... 25 100 Good Cloud 5
Chateau d'Or ... 35 30 Fair Cloud 5
Gstaad ... 50 50 Good Snow 2
Luzernbergs ... 50 120 Good Fair 1
Windhausen ... 20 100 Spring Cloud 5

Cautions: All runs complete, new snow on a first base. Vertical runs, 1,000 feet across roads clear. Snow level 1,300 feet.

Gloshorn: All runs complete, new snow a first base. Vertical runs, 1,000 feet across roads clear. Snow level 1,300 feet.

Glacier: All runs complete, new snow a first base. Vertical runs, 1,000 feet across roads clear. Snow level 1,300 feet.

Forsatz: Dry, bright spells. Freezing level 2,000 feet.

£3.6m. to be spent by Dobson Park

INVESTMENT for the current year at Dobson Park Industries will be similar to 1975-76, a 27 acre site at £2.64m., the new chairman, Mr. C. F. Ward, tells holders.

In that year the investment was made in plant and buildings and was financed from own resources. He is confident that the group structure and management is in a position to take advantage of opportunities which may arise in the future.

In line with policy for future growth the group on October 1 last acquired a 27 acre site at Ince, near Wigan, for £800,000. The site adjoins existing properties of Gullfick Dobson and Park Webb and includes a modern office block of 14,000 square feet and industrial buildings currently under lease agreements bringing in rental incomes of over £70,000 per annum.

During the current year the high volume of last year's home mining machinery demand has not been maintained while the associate in Germany is going through a more difficult period.

On the other hand worldwide prospects for increased coal production offer opportunities for exports of mining machinery and construction services for other countries.

It is very encouraging.

In the longer term he is sure that the group has laid the foundations for further growth.

Mr. Ward says that the group's objectives are to achieve a continuous improvement in profitability, to give a high standard of product, service and value and to bring benefit to the areas in which operations are located by having financially viable establishments.

The main corporate aims will be to broaden the product base of the mining machinery operations to develop a comprehensive worldwide machinery business in both coal and other forms of mining, to increase exports and foreign earnings and to seek acquisitions of reasonable units which will strengthen existing operations or improve the market position.

Such acquisitions will be in areas which will not depart from the group's present type of business of mining and specialised engineering.

More resources are being put into export promotion and even greater urgency is being put into exploiting potential markets. Accordingly the group is budgeting for an increase in exports in the year of at least 25 per cent. In addition to the reported exports for last year of £15.9m. (£13.8m.), new sums assured were £39.2m. (£18.5m.) and new annuities per annum £0.80m. (£0.12m.).

The figures include those of Individual Life Insurance Com-

De La Rue peak nine months

THIRD QUARTER pre-tax profit of the De La Rue Co. doubled from £1.1m. in 1975-76, lifting the figure for the nine months to end October 31, 1976 from £5.29m. to £14.8m.—this is well in excess of the previous full year's record £9.82m.

Third quarter sales advanced from £2.34m. to £4.05m. and the nine-month figure was £121.03m., compared with £87.75m.

On increased capital stated earnings per 30p share for the third quarter were up from 8.5p to 10.5p and for the nine months were 31p, against 14.1p and 28.1p for the previous 12 months.

A 23.35p (£2.125p) net interim dividend is already paid. Last year's total was £11.70p.

The 1976-77 results of overseas companies have been translated to sterling at rates of exchange ruling at December 31, 1976, except in the case of an associate with a December 31 year-end to which the September 30, 1976 rate is applicable. Differences in the exchange in relation to the assets, liabilities and reserves have not been taken into account in this statement.

The first year of operation of the north west London branch, the bank's third branch, has been encouraging, they add.

Retained profit for the year was £23.70m. (£2.707m. capital and reserves at December 31, 1976) and the final dividend of £12.26m. (£1.26m.) current deposits and other accounts £112.31m. (£91.68m.) and total assets £130.24m. (£109.52m.).

Final dividend per 25p share is stepped up from 2.7p to 3.0p net—last year's total payment was £5.518.75p.

Statement Page 18

See Lex

Record exports at Philips U.K.

Exports of the Philips U.K. group in 1976 were a record. Provisional figures show exports of £118m. compared with £101m.

About half the exports were of electronic components mainly from the Mullard company. The Philips U.K. group is now the leading U.K. exporter of these components.

Individual Life Insurance Com-

pany, acquired in January, 1976, for the 19 months ending October 31. All figures are net of reassurance.

Increased capital stated earnings per 30p share for the third quarter were up from 8.5p to 10.5p and the nine-month figure was £121.03m., compared with £87.75m.

On increased capital stated earnings per 30p share for the third quarter were up from 8.5p to 10.5p and the nine-month figure was £121.03m., compared with £87.75m.

They add that colour television is currently showing a modest surplus while the capital goods sector continues its growth in turnover and profits.

To reduce disparity with the final interim dividend per 25p share is stepped up from 2.7p to 3.0p net—last year's total payment was £5.518.75p.

The company's interests include security printing and the manufacture of plastic products.

See Lex

Ipswich cargo link to reopen

NORTH SEA Ferries, the Anglo-Dutch consortium, is to restart its roll-on/roll-off cargo link between Ipswich and Rotterdam in mid-March.

There will be a daily service six days a week. Initially, it will

Some companies are big in construction.

Some are big in natural resources.



Look closely at the top ten companies in the construction industry. They all fall neatly into one category or the other. Except one.

Tarmac balances its huge construction business with the manufacture and supply of building materials and the utilisation of vast natural resources.

While we are engaged in as many 700 building and civil engineering contracts on any one day, we are also drawing on almost limitless reserves of stone, from over 100 quarries. Providing the basis for other group activities such as the production of road surfacing materials and ready mixed concrete.

At the same time we supply more waterproofing materials to the construction industry than any company in Europe.

This carefully maintained balance gives us our unique strength in the construction industry.

Probably the most soundly based international construction company in Western Europe.

	Year ended	£
Six months ended 30th September 1976	30.976	30.975
Turnover—Subsidiaries	1,928,000	3,372,000
Share of Associate	2,760,000	1,971,000
	4,688,000	5,343,000
Loss of the Company and Subsidiaries	(40,000)	(63,000)
Share of profits of Associated Company	239,000	104,000
	199,000	51,000

INTL FINANCIAL AND COMPANY NEWS

CII-HONEYWELL BULL

Sales in a European context

BY DAVID CURRY

ESIX-month-old Franco-American computer group CII-Honeywell Bull today announced that it had booked Frs.3.4bn from equipment sales and the remainder from services and leasing at the end of last year.

The new computer group, at Frs.3bn, Net group sales were Frs.374m, while cash was Frs.329m.

Because the merger of CII and Honeywell Bull took effect only July 1 the results in fact



Mr. J. P. Brûlé

present 12 months Honeywell figures and six months of CII operations.

consolidated revenues for the

they were Frs.3.12bn, of which

per cent was with direct

drawal was the occasion rather

to converge" several

clients and users divided equally between home and export market.

These revenues came 51 per cent.

from equipment sales and the

remainder from services and

leasing at the end of last year.

The new computer group,

Europe's biggest and claiming

to be second only to IBM in the

world, represents the concern of

the French State to create an

international competitor in the

computer field. Its target is to

overhaul IBM in the French

market, towards which the

government has undertaken to

order some Frs.4bn of equipment

from it in the four years to

1980 out of an estimated total

public sector requirement for

Fr.35bn.

In addition, over the same

period some Frs.1.2bn in direct

aid will be forthcoming. The

initial aid was Frs.500m, part

of which, together with previous

assistance, went to CII in the

pre-merger period.

Another

partner has included

income in the 1976 year and the

remainder of this first tranche

of aid will be included in 1977

and March 1980.

The partnership with Honey-

well followed the attempt to

create a European computer

group Unidata through a loose

association of Siemens, Philips

and CII. The French withdrawal

of CII led to the break up of

Unidata, though the French

maintain, in reply to comments

about the inconsistency and prag-

matic nature of their European

operations.

In September the newly

merged concern announced its

intention to "converge" several

than the cause of the Unidata product lines in a plan code-named "Unisys," which will, according to M. Brûlé, make over 1982-85 a unified range of computers available to clients.

It was also announced that M. Robert Gest, the company's general manager, is leaving in the spring to be general manager of the CGE group concern Sintex. He will presumably have a leading hand in developing CGE's electronics and computer-related activities, and he mentioned without spelling anything out the possibility of cooperation between the two groups.

M. Gest became CII chairman in May 1975, to pilot the merger through and says that he is leaving because he has done the job he was asked to do.

Peter Brûlé writes from Rome: Honeywell's Italian subsidiary, Honeywell Information System Italia (HISI), has reported a 36.7 per cent increase in turnover last year compared to 1976.

Last year the company's turnover totalled L123.3bn. (about \$82.2m.) against L90.2bn. (about \$60.1m.) the previous year.

Domestic sales increased by 20.4 per cent, from L87.1bn. (about \$44.7m.) in 1975 to L102.8bn. (about \$53.9m.) last

year, while foreign sales rose by 34 per cent from L7.1bn. (about \$3.4m.) to L12.5bn. (about \$7.3m.).

These results were mainly achieved thanks to overseas sales, particularly to the U.S. of the company's "Honeywell 62" computer, devised at HISI's Preziosa Milanese Centre and which are built at the HISI plant at Caluso.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

General Motors earnings jump by \$1.7bn.

BY JAY PALMER

BENEFITTING from the year-long swing back in U.S. demand to larger vehicles and its later this week, GM has unsharply increased market share, arguably had an excellent year. General Motors, the largest of America's three major car makers, has reported all-time record sales and net earnings for 1976.

The car giant's sales over the full year rose 32 per cent to \$47.2bn. from \$35.7bn. in 1975. Net earnings jumped 142 per cent to \$2.9bn. or \$41.08 a share from \$1.2bn. or \$4.20 a share.

Although GM's strongest performance occurred earlier in the year, there is considerable evidence that the company's scaled-down smaller "large" cars introduced last autumn have received a warm reception with the public.

In the final winter quarter when individual company returns must have been distorted by Ford's lengthy strike, GM lifted sales by 24 per cent to \$13.1bn. from 1975's \$10.5bn. Earnings in the three months rose 29 per cent to \$797m. or \$2.14 a share.

GM's sales performance over the full year gives it the perhaps doubtful privilege of being the Exxon to regain the rank as the largest company in the world. But despite having sales larger than either Exxon or American Telephone and Telegraph, GM's net performance falls below that of AT and T.



Mr. T. A. Murphy, chairman

World wide deliveries of cars and lorries rose 29 per cent to 8.57m. from 6.6m. while net margins leapt up from the depressed 1975 level of 3.5 per cent to a more normal 6.2 per cent.

Nevertheless, too much can be made of the recovery and this too will prove a success.

EUROBONDS

Good response to BFC notes

BY BERNARD SIMON

ALTHOUGH trading remained relatively light on the secondary markets yesterday, most dealers reported a slightly firmer under-tone. New issue and pricing news helped make it a fairly eventful day for the Euro-markets.

The offering yield of 9.2 per cent is only fractionally above comparable issues of General Motors Acceptance Corporation, one of the few U.S. finance companies with a better rating than Beneficial. It is expected that secondary market trading will commence at close to the issue price.

There was considerable interest yesterday in American stocks on the secondary market. Occidental's 1987 8% per cent bonds were marked up to 99.10, while Gulf and Western 1003, while Gulf and Western 1003, while Gulf and Western 1984s were steady at 99.99.

All these securities have been sold. This announcement appears as a matter of record only.

New Issue

\$50,000,000

EUROFIMA

(European Company for the Financing of Railway Rolling Stock)

7½% Dollar Bonds Due January 15, 1984

Smith Barney, Harris Upham & Co.
Incorporated

Amsterdam-Rotterdam Bank N.V.

Banca Commerciale Italiana

Banque Bruxelles Lambert S.A.

Banque de Paris et des Pays-Bas

Banque Populaire Suisse S.A., Luxembourg

Crédit Commercial de France

Credit Suisse White Weld Limited

Deutsche Bank Aktiengesellschaft

Kredietbank S.A., Luxembourg

The Nikko Securities Co., (Europe) Ltd.

Société Générale de Banque S.A.

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Alabli Bank of Kuwait (K.S.C.)

Algemene Bank Nederland N.V.

A.E. Ames & Co.

Arab Finance Corporation S.A.L.

Bankers Trust International

Bankers Trust International

Bankers Trust International

Arab Financial Consultants Company S.A.K.

Julius Baer International

Banca Nazionale del Lavoro

Banco di Roma

Bank Leu International Ltd.

Bank Leu International Ltd.

Bank of America International

The Bank of Berne

Bank Gutwille, Kurz, Büngener (Overseas)

Bank Leu International Ltd.

Bank Leu International Ltd.

Bank Leu International Ltd.

Bank Mees & Hope NV

Bankers Trust International

Bank Arabe et Internationale d'Investissement (BAII)

Banque Française du Commerce Extérieur

Bank Générale du Luxembourg S.A.

Bank Nationale de Paris

Bank de Neufville, Schlumberger, Malle

Bank Arabe et Internationale d'Investissement (BAII)

Bank Arabe et Internationale d'Investissement (BAII)

Banque Internationale à Luxembourg S.A.

Banque Louis-Dreyfus

Banque Nationale de Paris

Banque de Neufville, Schlumberger, Malle

Bank Arabe et Internationale d'Investissement (BAII)

Bank Arabe et Internationale d'Investissement (BAII)

Banque Rothschild

Banque de l'Union Européenne

Banque Worms

Baring Brothers & Co.

Bayerische Hypotheken- und Wechsel-Bank

Bayerische Hypotheken- und Wechsel-Bank

Bayerische Landesbank

Bayerische Vereinsbank

Bergen Bank

Berliner Handels- und Frankfurter Bank

Caisse des Dépôts et Consignations

Caisse des Dépôts et Consignations

Chase Manhattan

Christiania Bank og Kreditkasse

City Bank

Citibank N.A.

Citibank N.A.

Citibank N.A.

Compagnie de Banque et d'Investissements (Underwriters) S.A.

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Credit du Nord

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Creditanstalt-Bankverein

Den Danske Bank

Den norske Creditbank

Deutsche Girozentrale

Dresdner Bank

Dresdner Bank

Dresdner Bank

Euromobiliare S.p.A.-Compagnia Europea Intermbiliare

Girozentrale und der österreichischen Sparkassen

Hambros Bank

Hill Samuel & Co.

Istituto Bancario San Paolo di Torino

First Boston (Europe)

Gorchard Bank International Ltd.

Gorchard Bank International Ltd.

Kjøbenhavns Handelsbank

Kleinwort, Benson

Kredietbank N.V.

Robert Fleming & Co.

Robert Fleming & Co.

Robert Fleming & Co.

Kuwait Financial Centre, S.A.K.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kuwait Investment Company (S.A.K.)

Lloyds Bank International

Manufacturers Hanover

Manufacturers Hanover

Kuwait International Investment Co. s.a.r.l.

Merrill Lynch International & Co.

Samuel Montagu & Co.

Morgan Grenfell & Co.

Morgan Stanley International

Nomura Europe N.V.

Norddeutsche Landesbank

Orion Bank

Pierson, Heldring & Pierson N.V.

Salomon Brothers International

J. Henry Schroder Wag & Co.

Skandinaviska Enskilda Banken

Société Générale de Banque

Strauss, Turnbull & Co.

Tammar International (Europe)

Svenska Handelsbanken

Swiss Italian Banking Corporation

Trinkaus & Burkhardt

Union de Banques Arabes et Françaises-U.B.A.F.

Wood Gundy

Yamashita International (Europe)

Vereins- und Westbank

S. G. Warburg & Co. Ltd.

Wood Gundy

Wood Gundy

Wood Gundy

Wood Gundy

Wesinghaus

FINANCIAL TIMES REPORT

Wednesday February 9 1977

Cakes and Biscuits

The British are a notoriously sweet-tooth nation, witness the high per capita consumption of sugared products of all kinds. For the cake and biscuit industry, however, rising prices have inhibited volume growth—although by value turnover is nudging the £750m. mark.

A big but static market

By Stuart Alexander

At a time when the whole of the grocery sector has been under pressure, the cake and biscuit industry has had its own share of troubles, not least those connected with the soaring price of raw materials.

The static population in the U.K. has led to nil growth in terms over the last three or four years and the economic squeeze on the housewife's purse has meant that there has been some trading beyond any of the 70 smaller bakers who the major claim are also in the branded cake

The problem was highlighted in a statement concerning its week-end when United Biscuits announced that it was pulling out of the short-life withdrawal. UB said that the packaged cake market division had not been profitable

referred to as ambient for several years, and although this move were those overseas cake interests—UB already mentioned coupled with will still have the biggest selling cost of maintaining a big cake in the U.K., Jamaica. One of the worst hit sectors of the biscuit market has been what has been a difficult time in the fully covered chocolate and look forward to growth in

under the McVitie and Cadbury market then the doubts settle over their competitors, too.

At the same time it has round yet come to a halt. Wheat and cocoa prices have gone up again and although sugar prices have eased from their peak they are still running at a high level. Oils and fats are up in price and the badly hit fruit crops of 1976 will mean that prices of dried fruits will also rise steeply.

The cake and biscuit industry taken together is very big. With over £460m. a year in biscuits and over £300m. a year in cakes it comes second only to bread in the league of biggest selling products. If home-baked cakes and mixes, buns, scones, teacakes and frozen cakes are added on then that figure is probably creeping towards the £1bn. a year turnover mark.

Declining

Yet there is over-capacity in the production of both biscuits and cakes and this has particularly hit the cake market, which has seen volume steadily declining for the whole of the seventies. Biscuits, in contrast, pulled back last year a little of the volume drop suffered in 1975.

At the same time the pattern of trading changed. While cakes cannot easily alter their size and weight biscuits have moved into slightly smaller packets in order to remain price competitive and in some cases multiple packs of individually wrapped biscuits, known as count lines, have been reduced in content from six to five.

In general the industry leaders are pleased with the resilience of the market during the demise of the chocolate coated sector but eventually decided that it wished to stay nearly 30 per cent of grocery sales in the biscuit market. It has sales, eight of them UB, one AB

varieties as the rising price of cocoa coupled with the continuing addition of 8 per cent VAT has led to prices rising to higher levels than the housewife will stand.

Companies like Cadbury have tried to combat this by reducing their pack size to 150 grammes and in doing so have pulled sales off the floor but volumes are still well down and there are no signs of an early recovery.

Half-coated varieties, on the other hand, have been enjoying a period of growth, no doubt partly at the expense of their fully-coated brothers.

Another factor has been the increasing use of biscuits as a snack meal at a time when household budgets are being squeezed and evidence is beginning to emerge that the general trading down in food is also leading to meal substitution with hand snacks. Both biscuits and cakes are, in general, a cheap way of satisfying hunger and they are easy to serve to children.

So while the cake market is relatively clear-cut and easy to understand, biscuits are far more confused, with most companies having to rely on a sector by sector analysis and a separate marketing approach for each one.

The industry is dominated by United Biscuits, with about 42 per cent of the market. Associated Biscuits with about 20 per cent, and private label production, which takes another 20 per cent.

Cadbury was hit very hard by the demise of the chocolate coated sector but eventually decided that it wished to stay nearly 30 per cent of grocery sales in the biscuit market. It has sales, eight of them UB, one AB

higher value sectors with the re-covered animal-shape biscuits in temptation to the grocer to limit turn of price stability and increased disposable income. But launch them nationally in the with can clearly be seen.

they are concerned by the proliferation of choices in several competing sectors. For instance,

there are seven ginger brands on some grocers' shelves.

Combine

That is not to say there is no room for the small man or that the market should be left to the big volume producers. Of 630 brands on sale 430 are estimated to have accounted for only 5 per cent of the market, however, and the big producers are well able to combine with the major retailers in rationalising the number of lines on the shelves.

By 1974 333 buying points controlled about 82 per cent of grocery turnover, with as few as six major multiples together taking 33 per cent. In what is already a very competitive market this has meant that there has been considerable pressure on the smallest and weakest.

In order to survive the smaller companies have concentrated on what is often called a unique selling proposition. For a company like Cadbury, which has about 2 per cent of the market, this has meant a close study of the children's sector while at the same time making the rather difficult wrench away from chocolate. The company has recently spent just under £5m. on new buildings and machinery at its Moreton, Wirral, factory.

Cadbury was hit very hard by the demise of the chocolate coated sector but eventually decided that it wished to stay nearly 30 per cent of grocery sales in the biscuit market. It has sales, eight of them UB, one AB

although daily sales of cakes through bakers shops are still a significant proportion of the trade and are estimated to account for about £70m. a year.

But the two biggest areas are packaged cake sold through grocers, currently running at about £167m. a year, and non-domestic consumption, which accounts for about £89m. a year. The latter includes supplies to institutions such as hospitals, schools, and prisons as well as through the catering trade.

Slab cake alone still accounts for about £23m. of business every year and is supplied by both the very large bakers and local bakers. Related products such as buns, scones and teacakes, frozen cakes and mixes sold about £62m. last year and the millers sell an awful lot of flour to housewives, and others, who make cakes at home.

The domestic cake market is taken to include fruit pies and pastries which are eaten at home. The actual size of the non-domestic market is not known and the figures quoted above are an estimate.

What it all adds up to is a very large market. Consumption per head in the U.K. is very much higher than any other European country, because in Europe there is much more emphasis on the patisserie product.

In the U.K. there has been a constant evolution of technology so that it is now possible to produce a packaged cake frequent repeat purchases.

The same is true of cakes, three weeks. Housewives are

CONTINUED ON NEXT PAGE

If you know our Club you'll know you're in good company.

Jacob's Club is just one of 150 biscuits, cakes and snacks sold by ABL and bought by housewives and caterers all over the world.

Including your wife.

Trading under three of the biggest names in the business—Huntley & Palmers, Jacob's, Peek Freans—we baked and sold £86½ million worth of



biscuits during last year.

That's 11½ tonnes per employee.

We increased our exports by 20% worldwide and by 33% in the EEC, making £8½ million in all.

And, since 1966, our group's earnings per share have grown 23% p.a. compound. Which is more than most food manufacturers can say.

Associated Biscuits Ltd

HUNTLEY & PALMERS W & R JACOB (LIVERPOOL) PEEK FREAN
U.K. MANUFACTURING DIVISION OF THE ASSOCIATED BISCUIT MANUFACTURERS LTD

CAKES AND BISCUITS II

Market

CONTINUED FROM PREVIOUS PAGE

accustomed to buying cake from makers, stress the value-for-money aspect for their products and advertising has been unacceptable of "bought but at the same time recognise creasing, as has the use of cake" is rather out-dated. They that they are supplying filling television to keep the major have, however, proved very food at low cost. In the past brands in front of the public, resistant to price increases, the six months sales of Swiss Rolls The Mr. Kipling range has been worst recent year being 1974-75 when raw material and 25 per cent. and the other old though point-of-sale is still another overhead costs went up faithful, Battenburg, has also garded as very important.

The total maintained its place in the top market has been dropping in ten favourites.

volume terms by an average of 3 to 4 per cent. per annum since 1970.

Last year manufacturers tried to keep price increases down throughput. The growth of the frozen sector is one of the compared with the 20 per cent. bright spots, as is the increase of foods generally. They have still, however, lost some of know-how agreements overseas.

their market in biscuits and Lyons is at the moment negotiating with a Japanese company over the production of English cake for the Japanese market.

The company already has its own factories in Holland, Spain, Italy and Germany but still sees some chances for improved exports to Europe. Malta and Iceland are also active markets which are unlikely to switch to domestic production as the cost of installing enough machinery would not be justified by the small populations.

Although cake manufacturers, like biscuit manufacturers, can rely on long-standing products to keep up their sales, it is also important to produce new products.

This tends to be a very expensive operation, as is the case of the whole of the cake distribution serving them becomes ever higher.

Cakes were never just for children but they are probably less so now than previously as housewives look for something suitable for the whole family.

The general trend of increasing dominance by the multiple retailers plus the Co-ops, who have their own bakeries, is likely to continue. But the specialist patisserie and baker also seem assured of a continuing market and it may be the smaller grocer who is squeezed by his inability to compete in volume terms as the cost of low-cost sugar that was once

available to Britain's food industry.

All the oils and fats used for cakes and biscuits have shot up in price.

Groundnut oil, for instance, was about £4.00 a tonne a year ago and has since climbed to £5.70, a rise of over 42 per cent.

For dried fruit the worst is yet to come, with harvests badly hit in many countries. In the U.S., where the raisin crop usually averages 200,000 tonnes and meets with ease the demand of 180,000 tonnes, the 1976 harvest amounted to only 80,000 tonnes.

At the end of January, 1976, English milling wheat was selling on the Mark Lane market at £67 a tonne. In recent weeks the price has been over £90 a tonne—rise of more than 34 per cent.

Over the same period cocoa prices on the London terminal market have risen from around £750 a tonne to more than £2,345 an increase of over 212 per cent.

Sugar prices have eased somewhat over the past 12 months but are still high costing between £6.50 and £7.00 a tonne.

Owing to a smaller Turkish crop and increased demand.

Last year's drought had a severe effect on yields of sugar as in other parts of the food processing industry—is that there seems little or no prospect of any immediate fall in prices. This is particularly true of flour costs, which can account for between half and two-thirds of raw materials costs.

Now that Britain is a member of the Common Market it cannot automatically take advantage of low world market prices for grains—its price levels are locked into the EEC's system of farm support which relies on keeping out cheap imports which could undermine its own producers' price levels. Even home-grown grain cannot be obtained as cheaply as it used to be bought as U.K. producers' prices are being brought up to the same levels as those of their EEC colleagues. This year will see the final stages in these transitional membership price rises.

Cocoa prices have also shot up recently resulting in rises in the retail price of chocolate and chocolate-coated biscuits. The reason for the rise is similar, although less dramatic, to that which caused the coffee price explosion. Both commodities have seen major setbacks to harvests in countries which produce an important proportion of world supplies.

In the case of cocoa, bad weather hit crops in West Africa particularly and the latest estimate made by London mer-

chants Gill and Duffus is that plus. Again sugar producers in prices to processors and ev-

world cocoa production in 1976-77 will fall short of consumption requirements by some

market has already discounted by the provisions of the limited devaluation in

Common Agricultural Policy Green pound rate in its cur-

revenue which keeps out sugar which is price levels, but any change

too cheap and also provides the rate would be noticed in sugar prices and in dairy

products. This year the U.S. has to face at least two fur-

steep increases in the but

price to bring it up to the E

levels without any devalu-

ation of the Green pound. In view

the mounting surpluses

such as skimmed milk pow-

in the Community, food pro-

sors can see no reason at

for further encouragement

being given to milk produc-

They argue, not without rea-

son, that it would be far be-

for the Common Market to

adopt a policy of price-cut-

to make its dairy products in-

attractive and to increase i-

mpulsion to get rid of the

pluses—not make the prod-

more expensive and more att-

tive to farmers to produce e-

bigger surpluses.

With major crop fail-

political decisions affec-

prices, inflation and

fluctuating fortunes of

the Green pound in addition to the u-

risks and hazards of buying

materials for food process-

feel they are under pres-

at the moment. Unfortu-

nate there is little evidence to

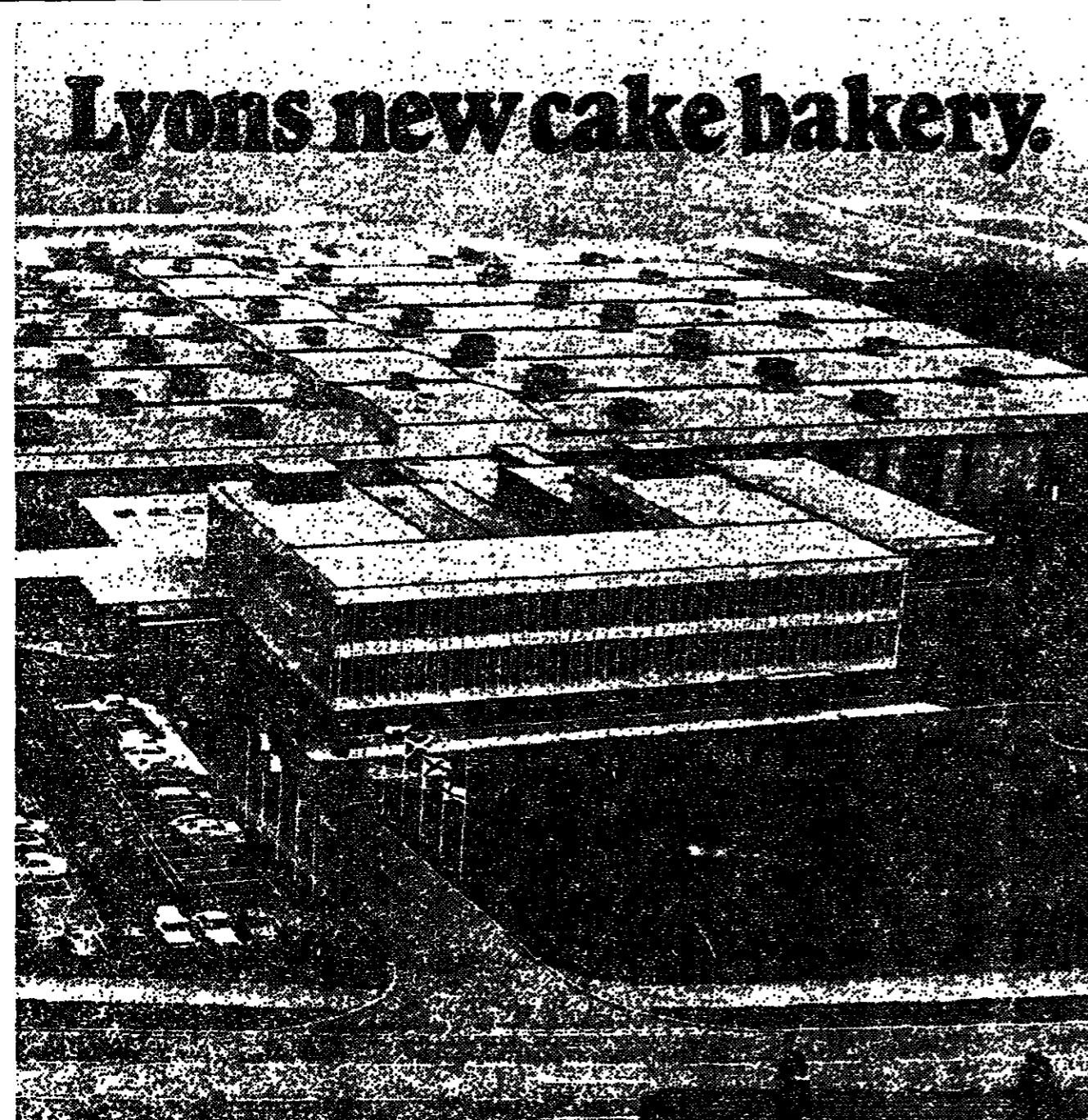
test that things will get m-

easier in the year ahead.

Peter But

Pressure from rising ingredient costs

Lyon's new cake bakery.



Carlton Bakery, the largest and most modern cake factory in Europe.

Lyons
Cakes
and
Biscuits.

Lyons Bakery Ltd., Cadby Hall, London W14 0PA.
A member of the J. Lyons Group of Companies.

FROZEN BIRDS EYE CAKES

Now selling like hot cakes.

In the last five years our sales have more than doubled. We now have two-thirds of all frozen cake sales. By contrast, sales of ordinary cakes are frozen.

دكتار من الأصل

CAKES AND BISCUITS III

Foreigners adapt to British tastes

WHILE the home market has been suffering from assorted difficulties throughout the finalisation of recipe, weight ventives exports have been and packaging legislation for growing steadily in both volume and cash terms. Wherever possible British companies have set up know-how agreements overseas, or in some cases have established overseas manufacturing capacity, either by building from scratch or by buying local manufacturer.

There are no brand traders such as in the EEC, although there are a few major companies which stand out from their competition, and to a large extent these are based in Belgium and Holland.

Elsewhere there tends to be a large number of small and often very unprofitable manufacturers making a very fragmented range of products. In Germany there are a few independents, but they are usually foreign-owned or specialists. In France a high proportion of manufacturing capacity has been bought by foreign interests, so there is little scope for acquisitions.

The EEC is a very large and highly competitive market and it is in biscuits rather than cakes that the volume and growth is likely.

Size

Because of its size it requires a major marketing operation and is therefore less suitable for the small, or specialist manufacturer, except where a British product fits neatly into an agency dealing with up-market sports through a small network of specialist shops.

The Continental Europeans are like British biscuits but they are not waiting open-handed and they already have a wide range of competent producers producing well-packaged products which are geared to local traditions and tastes.

Although there are still problems with local laws and ingredient controls, trade barriers

are slowly coming down and the industry is hoping for early finalisation of recipe, weight ventives exports have been and packaging legislation for growing steadily in both volume and cash terms. Wherever possible British companies have set up know-how agreements overseas, or in some cases have established overseas manufacturing capacity, either by building from scratch or by buying local manufacturer.

Meanwhile, however, there are sure to be fierce battles fought out in Brussels, with the Germans likely to drive a hard bargain in order to protect their domestic producers.

While some U.K. producers become impatient with the politicians and their Brussels brinkmanship they are at least confident about being in the forefront in terms of technology.

That is only half the battle and distribution and marketing make up the other, but biscuits are not an acquired taste and they can be sold unadapted. The argument against change is that it would add cost and disrupt the computer-controlled system which takes the biscuit from raw ingredient mix to the multi-pack. Far better to test a wide range of products, support the winners and withdraw the failures.

The U.K. biscuit starts off with the built-in advantage of being widely regarded as a specialty and this is an asset which the producers are quick to exploit. But price competitiveness is also important and this is inextricably linked to volume and wide distribution.

Although Europe remains the main growth market, the Middle East, Australasia and Japan are also becoming increasingly important. The Middle East, with its generally sweet tastes, has emerged as a very buoyant market, consuming more biscuits per head than anywhere else and throwing up a wealth of stories more akin to the buccaneering days of Elizabeth Tudor.

Because of port congestion and the war in the Lebanon the manufacturers have taken to sending lorry-loads of biscuits and cakes overland through Turkey.

The thought of sending 25 tons of frozen Swiss rolls at a

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In the third world the U.K. is selling more know-how than biscuits. With huge populations to feed, countries like India, Pakistan, Indonesia and countries in South America prefer to set up local manufacturing capacity rather than spend precious exchange reserves on food imports.

The importance of these overseas markets has led to much increased activity on behalf of cake and biscuit manufacturers in the Council of Europe.

Tempting

Other tempting opportunities are being investigated, with Yugoslavia leading the way among the European Communist countries and the vast market of China as yet unopened. Nor does the trade end with know-how and licensing agreements.

The use of British processes helps the capital goods manufacturers to export as well.

In Japan, too, both United Biscuits and Lyons have negotiated licence agreements which bring in dividends and royalties from a market which would normally be closed to British products.

Cakes are far more difficult than the built-in advantage of being widely regarded as a specialty and this is an asset which the producers are quick to exploit. But price competitiveness is also important and this is inextricably linked to volume and wide distribution.

Although Europe remains the main growth market, the Middle East, Australasia and Japan are also becoming increasingly important. The Middle East, with its generally sweet tastes, has emerged as a very buoyant market, consuming more biscuits per head than anywhere else and throwing up a wealth of stories more akin to the buccaneering days of Elizabeth Tudor.

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after moving into commercial quantities.

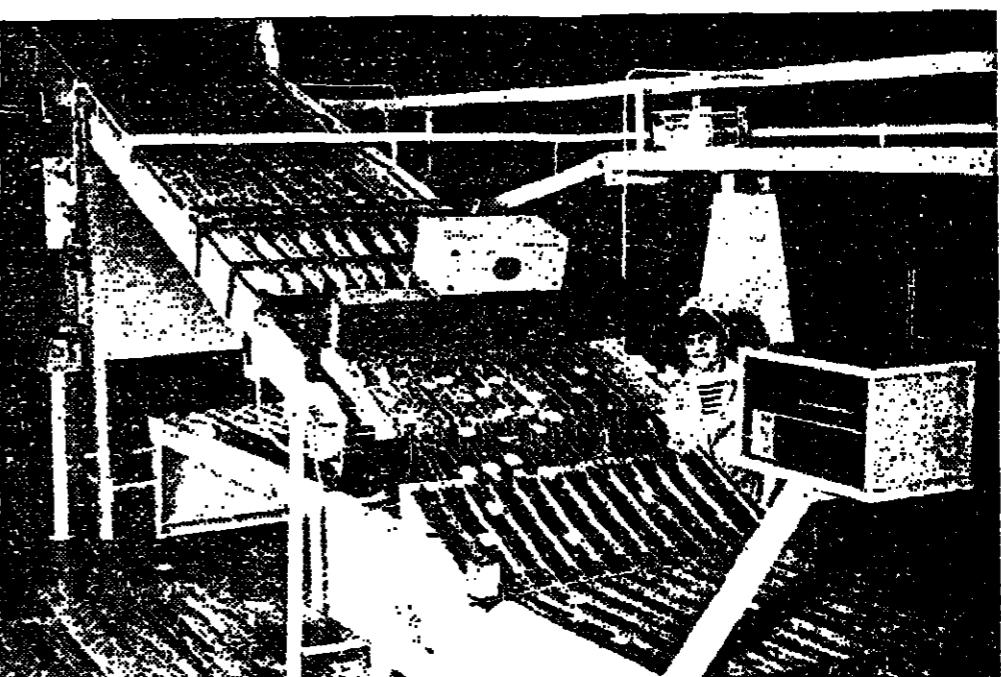
Cream Crackers, renamed English crackers because of the strict European laws governing the word cream in Europe, are attacking the Swedish crispbread market. And Digestifs or Cafe du Matin are keeping the French Canadians happy.

In Iran McVities Digestive Creams are to be made locally by the country's biggest manufacturer Minoo, which has built a new factory to produce a range of McVities biscuits.

In Japan a brand of biscuits containing cheese and called Cheddars has been launched, while in Dubai and Muscat Chocolate Penguins fight on the heat.

While the U.K. population appears to be static, biscuit consumption with its growth overseas is still expanding and could, for some, become the major operating one over the next few years.

Stuart Alexander



Production line at United Biscuits' Harlesden factory. To ensure correct weight, biscuits are counted into stacks before packing.

Frozen

CONTINUED FROM PREVIOUS PAGE

Through the Food and Drinks Industries Council they are represented on the Comité des Industries Agricoles et Alimentaires in Brussels. And in Paris are the headquarters of CAOBISCO, which is a pan-European organisation to represent the cake, biscuit, chocolate and confectionery producers. This represents the total common Market interest in Brussels.

But a big company like Lyons can contemplate the move into the frozen area, rather than sticking solely to traditional grocer's shelf cakes, because it can afford the high launch costs and it is already established in frozen desserts through its ice cream interests. It has also seen Birds Eye frozen cream sponges establish themselves as the third largest selling cake in the U.K. behind Cadbury mini-rolls and McVities' Jamaica ginger cake.

At home the Cake and Biscuit Alliance has a joint export committee with the Cocoa, Chocolate and Confectionery Alliance. They present a joint front to the Ministry of Agriculture, Fisheries and Food, which is one of the main agencies fighting on behalf of Britain in any negotiations.

Cakes are far more difficult than the built-in advantage of being widely regarded as a specialty and this is an asset which the producers are quick to exploit. But price competitiveness is also important and this is inextricably linked to volume and wide distribution.

This is mainly because local tastes in this sector are far more important and in Continental Europe the specialist patissier still holds a strong position in the market-place.

Although the frozen sector

may eventually begin to make inroads into this market it is

likely to remain for more home-based than biscuits, which have a far longer life in the pack.

However, Birds Eye claims to

have sold over £500,000 of cakes

to Europe last year with a

success in Yugoslavia

and cakes overland through Turkey.

The thought of sending 25 tons of frozen Swiss rolls at a

a steadily increasing market all over the country during the past ten years and has extended its availability from specialist food shops to general retailers.

Yet in 1974 the total U.K. market of chilled and frozen cheesecake was estimated to be worth only about £500,000 a year in retail values. In the year after Birds Eye came in, the market trebled and has continued to grow.

This is one of the reasons why Birds Eye has taken such trouble to develop a more complete range. Arguments over which variety of cake is less stodgy than another do little to convince retailers, but increasing consumer awareness and choice can attract their support.

So Birds Eye has emphasised its growing range and has at the same time urged its retailers to make a co-ordinated approach rather than haphazardly making a few sponge cakes available in the winter when ice-cream sales drop away.

The companies are optimistic both about this year and the longer term future. "We aim to take full advantage of our wide range of top value cakes and with additional production coming on stream we believe 1977 is the year to make the big leap forward," says Keith Jacobs, Birds Eye Marketing Director. "Frozen cakes are now the fastest growing area in frozen foods," he claims.

Birds Eye has been deliberately looking for higher volume and giving way on margins in order to increase market awareness. It hopes to see the frozen cake market doubled in the next five years and expects at least to maintain its market share.

Meanwhile, it is campaigning for a more mundane frozen items."

All cake manufacturers claim that the basis of their success is that they give good value for money. They also offer good margins to the retailer who is actively encouraged either to include a cake section in his 24.

frozen food or to install a cheesecake, too, has enjoyed

S.A.

Many people think we're the most delicious company in Britain



United Biscuits aren't just the biggest biscuit manufacturers in Britain. We're the second biggest in the world, responsible for many of those tasty products that end up on your plate.

Of course the success of United Biscuits doesn't depend solely on biscuits. In the United Kingdom, in addition to the Biscuit Division, the Group is made up of a Cake Division which manufactures a wide variety of cakes, fruit pies, tarts and sponges; a Foods Division responsible for the KP range of crisps, nuts and savoury snacks and for servicing the catering trade; an International Division responsible for exporting biscuits, nuts and cakes to 92 countries round the world, as well as controlling many of the overseas operations; and a Bakery and Restaurant Division that operates over 370 bakery shop and restaurant outlets as well as making its own range of food products. Recently it has acquired the Wimpy and Golden Egg franchising business in the United Kingdom, covering an additional 800 outlets.

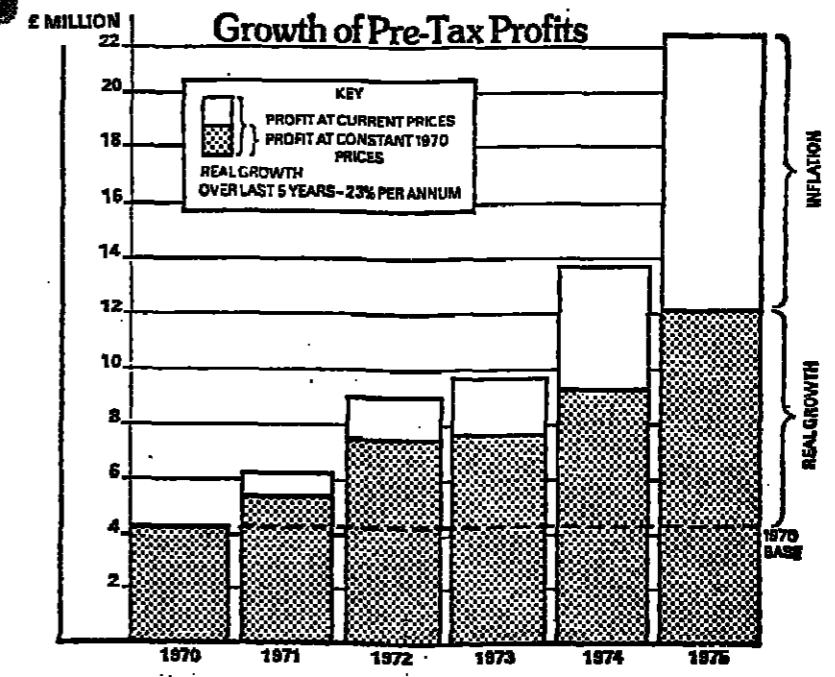
Overseas the Group has its own manufacturing companies in the USA, Spain and Belgium; sales companies in Canada and Denmark; and

a joint venture company in Japan. In addition it has royalty and licensing agreements in Australia, Barbados, the EEC, Iran, Jamaica, Japan, Trinidad and Yugoslavia. We added greatly to our international strength in 1974 by our merger with Keebler Company, the second largest biscuit manufacturer in the United States, which had sales of over £157 million in 1975.

In total our 1975 group sales were £430 million and overseas sales plus exports exceeded £182 million.

In the face of ever increasing economic difficulties we have achieved a five-fold increase in pre-tax profits between 1970 and 1975 to reach £22 million and the 1976 results, when published, will show further significant growth. Investment, too, has been increasing: in 1975 it reached £14 million, a figure further improved in 1976 and which will be considerably exceeded in 1977.

Consistent effort and a very high degree of teamwork by the 37,000 people in the company worldwide have made this record of growth and success possible.



United Biscuits

United Biscuits (Holdings) Limited, Syon Lane, Isleworth, Middlesex TW7 5NN

McVITIES · CRAWFORDS · MACFARLANES · KP · CARRS · WIMPY · KEEBLER

WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Further rally fails to hold: down 4

BY OUR WALL STREET CORRESPONDENT

A FURTHER RALLY failed to the U.S. Treasury's refinancing hold on Wall Street to-day, under for the quarter.

Motors and Steels were mostly lower. General Motors gave way to \$7.82, despite its record fourth quarter and year earnings.

Ford Motor lost \$1 to \$56—it was ordered to recall about

4,000 cars at mid-session, the Dow Jones Industrial Average finished 4.07 down at 924.24, its lowest level since December 2, 1976, when it closed at 946.5.

The NYSE All Common Index shed 15 cents to \$55.33, while losses led gains by 742-to-654. Trading volume expanded 3.34m. shares to 24.04m.

Also unsettling was President Carter's vow at his Press conference to veto any "drastic changes" by Congress in his economic stimulus package.

In the economic news, Dr. Arthur Burns, U.S. Federal Reserve chairman, said that

the economy had improved 0.02 at 113.24 but declines led advances 316-to 300.

OTHER MARKETS

Canada mixed

Canadian Stock Markets were mixed in moderate trading yesterday, although the Gold Index spurted ahead 27.1 to \$91.5 and the Oil and Gas Index rose 5.1 to 1,137.4.

Indices

NEW YORK - DOW JONES

	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	1976/77		Since compilation	
									High	Low	High	Low
Industrial	942.24	948.51	947.85	947.14	946.75	950.66	950.18	950.78	1014.78	882.81	1015.71	41.92%
Bonds/Funds	81.38	81.89	81.15	81.25	81.90	81.51	81.57	81.75	85.87	85.88	85.87	0.00%
Transport	227.74	228.71	227.70	228.65	227.78	228.65	228.65	228.65	278.88	187.83	278.88	13.25%
Utilities	109.52	109.47	109.18	108.90	108.31	108.87	108.87	108.87	111.97	84.15	111.97	10.58%
Trading vol. 000's	24,840	20,700	25,150	21,700	25,700	22,700	—	—	—	—	—	—

* Basis of index changed from July 1.

Inst. div. yield %	Feb. 7	Jan. 21	Jan. 14	Year ago (approx.)
4.85	4.27	4.21	3.91	

STANDARDS AND POORS

Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	High	Low	High	Low	
Industrials	112.70	111.11	110.00	110.07	111.07	111.08	111.08	122.85	101.04	122.85	101.04	35.2%
+Composite	101.82	101.25	101.88	101.88	102.55	102.54	102.54	107.35	98.90	107.35	98.90	4.40%
Feb. 3	3.89	3.87	3.77	3.77	3.80	3.77	3.77	4.00	3.60	4.00	3.60	0.00%
Ind. div. yield %	11.09	11.07	11.04	11.04	11.06	11.04	11.04	11.00	10.90	11.00	10.90	0.00%
Long Govt. Bond yield	6.87	6.15	5.91	5.91	5.81	5.91	5.91	6.00	5.70	6.00	5.70	0.00%

Source: Standard & Poor's

* Basis of index changed from July 1.

Feb. 7 Jan. 21 Jan. 14 Year ago (approx.)

4.85 4.27 4.21 3.91

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Feb. 3 Jan. 26 Jan. 19 Year ago (approx.)

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Ind. P/B Ratio 11.09

Long Govt. Bond yield 6.87

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FARMING AND RAW MATERIALS

Coffee and cocoa prices fall

By Richard Mooney

COFFEE PRICES fell back quite sharply yesterday on the London terminal market in what dealers saw as a reaction to Monday's dramatic increase. By the close, March coffee was quoted at £2.988 a tonne, 54¢ down on the day.

Traders said Monday's rise took prices into producer selling levels but noted that Monday is a traditionally slow day for origin sales. Origin sales emerged yesterday, however, and the downward pressure was encouraged by the failure of the New York market to match Monday's rise in London.

Cocoa prices also ended lower yesterday despite rising early in the day. Dealers attributed the early rise to European offtake, notably from Holland.

But prices eased back and a "sloppy" opening in New York brought further substantial falls. By the end of the day May cocoa had reached £2.483, a tonne down £13.25 after reaching £2.768 at one stage in earlier trading.

The Colombian Government has authorised establishment of a special fund of £2,000,000 for boost coffee production and improve existing plantations, the presidency announced. Reuter reported from Bogota.

Colombia expects to have a drop of between 8.5m. and 9m. 50-kilo bags this year.

U.S. may impose honey import curbs

WASHINGTON, Feb. 8.

A U.S. Congressional panel will consider legislation which would require President Jimmy Carter to order import restrictions on honey. AP-Dow Jones reports.

Former President Gerald Ford last August turned down recommendations from the U.S. International Trade Commission which called for tariff-rate quota restrictions on imports of honey, totalling about \$10m. a year, from several Western Hemisphere countries and Australia.

Under the 1974 Trade Act, White House rejection of majority recommendations by the Commission in import cases could be subject to congressional override, if both the House and the Senate approve legislation which, in effect, would require the White House to put into effect import restrictions.

The subcommittee is expected to decide quickly whether to recommend approval or rejection of proposals to override the White House decision of last August.

American assurance on freeze-hit farm exports

THE U.S. Agriculture Department has assured foreign customers for U.S. farm products of continued supplies, despite transport problems resulting from the icing of the Mississippi and Ohio rivers.

The Department said a review of the severe winter weather on U.S. exports of farm products was conducted by the Foreign Agricultural Service, Agricultural Marketing Service, and the Economic Research Service.

The Department said some U.S. maize and soybean exports have been slowed by weather-related problems and some increases in transportation costs have occurred when exporters have switched from barges to rail delivery in moving large quantities of cargo to New Orleans and other Mississippi ports.

However, it noted, wheat exports are moving normally to West Gulf and West Coast ports.

As part of an agreement, the Soviets will pay U.S. shippers

"While grain supply areas in the midwest are experiencing some hardships and short-term delays as a result of the weather, no severely abnormal transport problems are being encountered," the Department said.

Meanwhile, it was claimed that the U.S. and the Soviet Union have resolved key points of arrangements for shipping U.S. grain to Russia this year.

Mr. Robert Blackwell, assistant commerce secretary for Maritime Affairs, said that the terms have been agreed but that other issues remain unresolved.

U.S. grain shipments to the Soviet Union have been surrounded by controversy, mostly involving charges by U.S. maritime unions that the Soviets were not meeting the terms of an agreement that stipulated U.S. grain carriers would get a third of the shipping business.

The new rate basically continues the \$16 charge in effect since September, 1975, when the Soviet Union agreed to boost grain exports.

The agreement also stipulated that changes by agreement with sailing tenants remained valid for all but 2 per cent.

AVERAGE FARM rent in England and Wales rose by 1.8 per cent in the 12 months to mid-October last year, the Ministry of Agriculture reported yesterday. The rise from £22.51 to £26.52 a hectare compared with an increase of almost 21 per cent in the previous 12-month period.

The Ministry's rent inquiry covered some 26,800 farms with a total area of 1.6m. hectares, or almost a third of the total area of tenanted agricultural land in England and Wales.

About 37 per cent of the farms had a rent change and the average rents on these farms rose from £21.99 to a hectare to £26.51—an increase of more than 44 per cent.

The breakdown of the newly-determined average rents in England and Wales showed that changes by agreement with sailing tenants remained valid for all but 2 per cent.

On these farms the average rent rose by 32.4 per cent from £21.38 to £30.45 a hectare.

In the case of the small number of sailing tenants whose rent increase was fixed by arbitration, the rise was 76.8 per cent from £21.99 to £38.58 a hectare.

Not surprisingly the rents for new tenancies fixed by tender showed the biggest rise, up by 166 per cent, from £20.36 to £54.17 a hectare.

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STOCK EXCHANGE REPORT

Gilts pick up to end firmly on interest rate hopes

Share index down 5.3 at 392.2 after attempted rally fades

Account Dealing Dates

Option

First Declara- Last Account

Deals Day

Jan. 31 Feb. 10 Feb. 11 Feb. 23

Feb. 14 Feb. 24 Feb. 25 Mar. 8

Feb. 28 Mar. 10 Mar. 11 Mar. 23

Now days deals may take place from 9.30 a.m. two business days earlier.

The inflationary pressures im-

piled in the January wholesale

price indices continued to under-

mine sentiment in equity share

markets yesterday, although

British Funds, despite the crow-

ing call for free collective wage

bargaining, made a spirited rally

on continuing hopes for lower

interest rates. The latter ex-

tended Monday's falls by a

further 1 before rallying in close

with scattered net gains of 1 in

long-dated issues, ending with

widely Tollethorn, 125p, and

Greene King, 102p, gave up 3 and

41p.

Equities made a much less

confident showing than the Funds

and an attempted rally in the

leaders faded for want of sufficient

buying interest. Selling was

fairly faint, light, but the

general lack of demand showed

up strikingly in the final rail

of falls to rise in FT quoted

issues as second-line stocks came

into line to close with a broad

list of falls on profit-taking and

defensive marking down. Down

6.5 at the day's lowest at 11 a.m.

the FT Industrial Ordinary share

index was 3.8 off its peak but

drifted lower again to close a

net 3.3 at 392.2; this makes

a four-day loss of 13.8 and brings

the index nearly 24 points down

from last Thursday's mid-day

calculation of 413.9 which pro-

vided the Bank of England's

intervention to check the pace

of the fall in interest rates. The

FT-Actuaries three main indices

were all nearly 2 per cent lower

the All-Shares recording 1.8 per

cent at 73.2. Business was

relatively quiet although oil-related

markings, at 7.385, were appre-

ciably higher than Monday's

7.036.

British Funds demonstrated yes-

terday that the recent underlying

strong trend had not evaporated

when the shorts, after opening

cautiously, surged forward to establish many fresh peaks and encountered some profit-taking. The longs fully recovered early falls extending to 1 to close higher on the day. Increased demand at the shorter end of the market reflected revived hopes in the late trade. Allied ended a dull 10s up 2 to 30p, but Wm. Tollemache, 125p, British Home 4 off at 136p, and Woolworths declined 11 to 341p.

Press comment. Brokers

DANGER OF RETREAT FROM EEC OBJECTIVES

Jenkins urges economic union

BY PHILIP RAWSTORNE

MR. ROY JENKINS, in his first "state of the Community" address to the European Parliament here to-day, called for a further and urgent advance towards economic integration.

The gravest danger now facing the EEC was that of retreating from its objective of economic union, he declared.

In a 55-minute speech—briefly but warmly applauded by MPs who will debate it on Thursday—Mr. Jenkins pledged his newly-appointed Commission to provide the Council of Ministers with a full programme of practical action.

The President of the Commission, adopting a broadly pragmatic approach to the problems facing the Community, declared: "We must not promise what we cannot achieve... but at the same time we must not limit our real possibilities of achievement by a deadening caution or an inability to lift our sights."

The new Commission would follow a "prudent course of price moderation" in its farm price proposals this year. "Con-

sumers rightly insist that our policies for agriculture must be consistent with our other economic objectives—and particularly with the over-riding need to combat inflation."

A further review of the common agricultural policy would be one of the most important priorities in the Commission's programme this year. Basic questions about the policy's future could not be answered merely by managing its existing mechanisms. "Our review must serve not merely to keep the CAP afloat, but to chart its course in the right direction."

Mr. Jenkins made it clear that the Commission was unrepresentative in urging caution on the question of admitting new members.

The relative political and economic cohesion of the Nine was one reason why other countries wished to join. "There would be no sense either for them, or for us, in allowing that to be weakened in the process."

There were three formidable and interlocking obstacles to progress—persistent and high unemployment, inflation, and the

widening gap between the economic performances of member states.

The Commission intended to devise a general policy that would concentrate financial resources on the central problem of economic divergence. "We need the means to enable the root causes of economic weakness to be tackled vigorously but flexibly," he said.

If the EEC were to provide genuine help to its weaker economies, it would have to fill the gap in its financial activities between the small-scale aid provided by the regional and social funds and large-scale loans designed primarily to deal with balance-of-payments problems.

Mr. Jenkins rejected as "a counsel of despair" any idea that the gap between member states could not be significantly narrowed. "But the weaker economies should not be helped unconditionally," he said. "As the Community funds are developed, the Community must seek methods of insuring that they are properly disciplined."

Other EEC news Page 4
Enlarging the Community
Page 17

Practical barriers to trade

LUXEMBOURG, Feb. 8.

Money supply falls again

BY MICHAEL BLANDEN

A FURTHER fall in the money supply last month is clearly indicated by banking figures published to-day.

The heavy official sales of gilt-edged securities during the period are reflected in a decline of £28.5m. in the sterling deposits held by U.K. residents with the London clearing banks.

The impact also shows up in a substantial decline in the banking system's total eligible liabilities.

The figures published by the Bank of England show eligible liabilities fell £730m. to £28.1bn. in the six weeks to mid-January. These liabilities are the main deposit constituents of the money supply, or the wider definition (BIS).

The full statistics for January, which are due to be published next week, should therefore confirm the success of the measures taken by the authorities to bring the growth of the money stock under control.

The effect of these measures was seen in the December banking results, with a fall of 0.3 per cent. in the sterling element of the money stock on which attention is now being focused.

The continued fall last month should mean the system is well within the expected increase of 9-12 per cent. in sterling M3 in the financial year to mid-April.

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